# MARKETING & ECONOMIC FEASIBILITY STUDY for a PROPOSED BUSINESS PARK in the PORT AREA

The Proctor & Redfern Group

COLDWELL BANKER

# MARKETING AND ECONOMIC FEASIBILITY STUDY FOR A PROPOSED BUSINESS PARK IN THE PORT AREA
## PHASE I

Prepared for:

The City of Toronto and
The Toronto Harbour Commissioners

Prepared by:

Coldwell Banker Canada Inc.
in association with
The Proctor & Redfern Group

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* This report was initially drafted in the Spring of 1985. Finalization of the report was delayed while the clients considered an alternative proposal for the site. A review of recent market conditions indicates that the conclusions of this report remain valid.

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## SUMMARY

### Study Purpose

This study of approximately 86 acres of land at the foot of Leslie Street in Toronto was jointly commissioned by the Toronto Harbour Commissioners and the City of Toronto, as a follow-up to recommendations made by the Port Industry Task Force in 1975 and the Port Industrial Development Task Force in 1980. The purposes of this initial phase of a two phase program are:

- To evaluate the market for, and economic feasibility of, developing the lands for industrial and related uses.
- To explore and assess realistic development alternatives to fulfill market demands and satisfy the various goals of the clients.
- To provide preliminary marketing recommendations and a plan for future action.

## Client Objectives

The major objectives of the two clients in assessing the economic and market viability of developing the lands are:

- To create additional job opportunities in the City thereby satisfying social, economic and financial (tax revenue) objectives of the City.

- To productively utilize the lands and optimize their value to the Toronto Harbour Commissioners while protecting and/or increasing the value of other lands in the port area.

## General Market Trends

Over the past quarter century the industrial/business space market has been highly dynamic as a result of the following structural factors;

- increased automation,

- changes in tenure, and

- decreased dependence on labour.

The Industrial Business space market has recovered dramatically from the recessionary low of 1982-1983:

- 17.6 million square feet of space were added in 1984 to the present Greater Toronto inventory of approximately 422.2 million square feet.

- the 1984 addition to space was up significantly from 7 million square feet in 1983 and 11.8 million square feet in 1982.

Several major trends have developed which will directly influence all future business park projects. These are as follows:

- As firms become more capital intensive and less labour intensive, they have a tendency to relocate outward to the fringes and beyond.

- Currently, the market is exceedingly active with vacancy rates declining and rental rates beginning to surge.

- An oversupply of serviced and unserviced industrial land currently exists within the market as many municipalities attempt to attract industry.

- The inner three municipalities within Metro Toronto (Toronto, York and East York) currently contain very little vacant land for new industrial development.

- Labour intensive industries are becoming the dominant form of industry in the core and inter city areas.

Future growth will largely be derived from the following sectors:

1. Communication
2. Trade
3. Finance, Insurance and Real Estate
4. Other Service Industries

- Demand for new facilities will be derived partially from the relocation of existing industries as a result of consolidation, expansion or contraction, and not from the introduction of major new industries.

- Considerable demand will be derived from new smaller service industries.

As automation continues, the distinction between industrial uses and office uses becomes extremely blurred.

- New business parks have recognized the blurring and attempted to accommodate the changing requirements.

Two major changes impacting the market are:

- Conversion of older multi-storey industrial buildings for higher order uses. However, the cost of acquiring these facilities has increased dramatically to the point where the conversion market may disappear.

- The design/build market prior to 1980 was estimated to be less than 25% of the overall market. However, since the 1982 recession, speculative construction has declined and design/build construction has become a more significant factor in the market.

## Industrial Location Dynamics

A survey of 70 recently relocated firms was conducted in order to provide an improved understanding of location dynamics. The following is a list of the major reasons why these firms moved, in order of importance:

- Business Expansion
- Consolidation
- Contraction
- Lease Expiry
- Other, such as preference to own, preference to lease, and relocation of residence

o The major factors determining site location are as follows, in order of importance:

  - Transportation Accessibility
  - Labour Supply
  - Low Tax Area
  - Proximity to Customers
  - Other

o When firms move, they display a strong tendency to move radially outward along a major roadway. All but one firm surveyed moved outward.

- Although taxes were mentioned as a major factor, it is believed that taxes alone will not initiate a relocation.

- The proposed Outer Harbour Business Park appears to have the following market advantages if it is able to provide an adequate supply of land at competitive prices;

  - little viable and vacant alternative supply is available in the inner three municipalities.

  - proximity and accessibility to the downtown core and major highways.

  - proximity to public transit

  - proximity to labour

## Submarket Analysis

A detailed submarket analysis provides the foundation for the final marketing recommendations of the report.

The study analyses the following four submarkets:

- King/Spadina
- Carlaw/Logan
- East York
- Markham - Woodbine/Steeles

- A major component of the analysis includes a survey of industries in the King/Spadina, Carlaw/Logan and East York areas.

The major conclusions derived from the King/Spadina analysis were as follows:

- The two major uses are the Garment Industry and Quaternary Industries such as photographers, graphic artists and designers, commercial staging operators, printers, lithographers, film processors, publishers and typesetters.

- Only two major conventional manufacturers exist in the area.

- The current vacancy rate is very low, at 3.3%

- Rental rates increased dramatically during 1984 and 1985 between $5.50 per square foot and $7.00 per square foot by June 1985.

The following lists the major factors which are most important to users in this area, in order of importance:

  - proximity to customers
  - proximity to downtown
  - proximity to suppliers
  - public transportation

- The King/Spadina area is presently experiencing considerable speculative activity as a number of developers anticipate rezoning to permit higher intensity uses. The result has been that a large number of tenants are concerned about the security of their tenure.

- The timing appears appropriate for the proposed Outer Harbour Business Park to capture a large share of the quaternary industry, particularly from the graphics, printing and related industries from the King/Spadina area.

The major conclusions from the Carlaw/Logan analysis are as follows:

- Several major types of firms are in the submarket and are generally tied to the area for the two following reasons:

    - Labour: i.e. garment industry, lighting manufacturers, toy assembly operations and book binders.

    - Capital cost of existing plants: i.e. Lever Brothers, Colgate Palmolive, Sommerville Belkin.

- The submarket is relatively strong but has a vacancy rate of 12%. However, 85% of the vacancy is contained in three buildings which are very large, antiquated and in many respects should not be considered as part of the competitive supply. (June, 1985)

- Most facilities are multi-storey, antiquated and rent at $1.85 - $2.00 per square foot. (June, 1985)

The following lists the major factors which were indicated as the most important to users in this submarket, in order of importance:

- accessibility to highways
- proximity to downtown
- labour supply
- public transportation

- Interest in the proposed Outer Harbour Business Park from this submarket will likely come from two sources; manufacturing/distribution firms which have considerable capital invested in the area and require additional space, and quaternary industries already in the area such as publishers, typesetters and photolabs.

- If "off site" expansion space for firms with considerable capital invested in the area is not available, these capital intensive firms may choose to relocate outside of the city.

The major conclusions derived from East York analysis are as follows:

- Users are diverse and include; manufacturers, distributors, warehousers, light and medium metal fabricators, food and beverage manufacturers, publishers and firms related to paper manufacturing and distribution.

- The submarket is strong with a vacancy rate of only 8%. Rental rates have been increasing and are in the $2.60 to $4.00 per square foot range for users of 5,000 to 20,000 square feet. (June, 1985)

The following lists the major factors which are most significant to users in this submarket, in order of importance:

- accessibility to highways
- proximity to customers
- proximity to downtown
- labour supply

- Interest in the proposed Outer Harbour Business Park from users currently in this submarket will be limited. What interest is developed will come from firms who have a major capital investment in the area requiring "off site" expansion and from a small number of quaternary industries which could benefit from greater accessibility to the core.

The character of the Woodbine/Steeles submarket is significantly different from the other submarkets:

- the area is newer
- it is more active
- considerable new construction is occurring
- a large amount of land is available for development

- Firms locating in this area are predominantly manufacturers and distributors and are considerably more capital intensive than comparable facilities closer to the core.

- The vacancy rate is less than 2% with rental rates increasing dramatically. Rental rates are $3.75 to $5.50 per square foot for buildings in the 5,000 to 20,000 square foot range. (June, 1985)

- Design/build construction is very active in the area.
- In recent years this has been the strongest submarket in Greater Toronto Area.
- Major limitation is poor public transit.
- A considerable number of small to midsize firms have located in the Woodbine/Steeles area because of the lack of suitable facilities closer in. There may be an opportunity to bring some of these users to the proposed park if appropriate space were provided.

## Marine and Marine Related Industries

The marine and marine related industrial markets are analyzed in the study because of the waterfront location of the proposed Outer Habour Business Park and its proximity to the proposed marina. Conclusions are as follows:

- The entire market is estimated at approximately 100 businesses
- The industries fall into four basic categories
    - Boat Manufacturers
    - Boat Repair Companies
    - Sail Makers and Distributors
    - Marine Service and Retailers
- Boat Repair Companies and Retailers are likely industries to target for the proposed park and it is likely that their interests would be tied to the development of the marina.
- Boat Repair Companies would require outside storage, work yards and dock walls.
- Boat Repair Companies generally demand and receive some degree of exclusivity and as a result, the number of operators in the proposed project would be limited.

## Planning and Development Context

This portion of the study reviews the physical parameters as well as the policy considerations related to future development of the area. Major conclusions include the following:

- Accessibility to downtown Toronto and other parts of the Toronto region is excellent and should continue to be the major attribute of the site.
- Because of its location adjacent to the Outer Harbour and recreational amenities to be developed within the next several years, the area enjoys a number of unique locational attributes. However, it also suffers somewhat from the present negative perception of the general port area and the heavy nature of surrounding uses.
- The physical characteristics of the lands present a number of constraints to industrial development.
- Due to its creation by lake filling, foundation premiums of \$1.70 - \$2.25 per square foot of building area are likely to be incurred but this is significantly less than the \$3.82 - \$5.20 per square foot suggested in earlier studies.

- Environmental implications for the development of light industrial uses are minimal.

- The existing external road system is well developed and of adequate capacity to accommodate development without significant improvements; however, transit service to the area is poor.

- Existing hard services (water, sewers, roads) within the lands are inadequate for industrial development; however, external services are adequate to provide for development of the site.

- Public policy documents, primarily the Central Waterfront Plan, support the future development of these lands for high quality general industrial and a limited amount of commercial use on the basis that high employment levels will be obtained and high performance standards will be maintained.

- the I3D3 (industrial) zoning proposed for the lands will implement the policies of the Central Waterfront Plan but may not be flexible enough to permit some of the high employment quaternary uses which are viewed as a primary target market and which are elaborated on later in the report. Present density limits are acceptable. A responsive site plan control process will be required to provide the flexibility necessary to respond to changing market needs and encourage high design standards.

## Market Opportunities

The proposed Outer Harbour Business Park is able to fill a series of niches in the current business market. This opportunity is largely a result of the locational attributes of the project, which are as follows:

- physical proximity and access to the downtown core,
- proximity and access to labour,
- good access to major highways relative to other central areas, and
- proximity and vista of Lake Ontario.

However, the site has the following limitations which should be addressed:

- existing surrounding development is physically unattractive,
- lack of infrastructure, and
- existing trend is for industries to move outward.

The proposed park will be attractive to the following target markets:

- firms which have a downtown orientation
  - printers, photographers, graphic artists, commercial studios, film processing, staging and studio equipment rentals.

- firms which are presently located in the Carlaw/Logan area which require "off site" manufacturing, distribution and warehousing facilities.

- smaller, labour-intensive firms such as jewellery, lense and optical manufacturers, denture repair and manufacturing companies.

- firms involved in providing service to downtown Toronto such as computer rentals and repair, paper storage and distribution, storage of business records, office supplies and office equipment repair and sales.

- marine retailers and boat repair operators.

## Land Use Concepts/Financial Evaluations

The land use and development concepts are based on a series of general development principles which seek to:

- Respect the natural environment
- Capitalize on the unique physical and locational advantages of the site
- Minimize the costs of physical infrastructure
- Preserve public access to the waterfront
- Create a discrete, identifiable, high quality light industrial area within a larger area primarily oriented towards heavy industry
- Ensure the maximum physical flexibility of the project to respond to a number of changing market needs
- Ensure that development complements existing and future waterfront recreational activities

Based on these principles, a series of six alternative development concepts were prepared and analyzed. Each scheme has a common basic internal road pattern as well as other common features including:

- A revised alignment of Unwin Avenue through the property.
- The preservation of dockwall lands between the Leslie Street Slip and the existing service road for industrial uses which may be able to utilize this type of facility.
- A continuous linear open space system.
- The provision of an appropriately sized and located area of land for retail and service commercial development.
- Provision of all required parking at-grade.
- An internal servicing cost (watermains, sanitary sewers, storm drainage, roads, hydro and streetlighting and landscaping) of approximately $3,000,000.00. The servicing cost excludes any costs associated with required land fill and off-site bridges.

As a consequence of the results of the market research, the development concepts include varying amounts of several types of industrial space, including:

- Large industrial buildings suitable for manufacturing, warehousing and distribution uses.

- Multiple tenant industrial buildings designed to accommodate smaller tenants with diverse space needs.

- Multi-storey, multi-tenant quaternary industrial buildings suitable for a wide range of tenants primarily with a service orientation.

- Retail/Service Commercial space for service uses such as banks, restaurants, cleaners and the retailing of marine and marine related products.

- Marine Related Service Industrial buildings primarily designed to accommodate recreational boat repair and sales establishments.

The essential physical, financial and employment elements of the various concepts are summarized on the following chart:

## CONCEPT COMPARISON

| Land Use | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| a) Manufacturing/ Distribution | 29.7 ha<br>1,436,600 sq.ft. | 0 | 0 | 10.4 ha<br>503,775 sq.ft. | 10.4 ha<br>503,775 sq.ft. | 9.4 ha<br>455,300 sq.ft. |
| b) Industrial Multiples | 0 | 27.3 ha<br>1,174,100 sq.ft. | 22.1 ha<br>950,250 sq.ft. | 11.7 ha<br>502,450 sq.ft. | 7.2 ha<br>347,310 sq.ft. | 11.7 ha<br>502,460 sq.ft. |
| c) Quaternary Industrial | 0 | 0 | 5.2 ha<br>363,800 sq.ft. | 5.2 ha<br>363,800 sq.ft. | 5.2 ha<br>363,800 sq.ft. | 5.2 ha<br>363,800 sq.ft. |
| d) Ancillary Retail/ Service Commercial | 0 | 2.4 ha<br>77,500 sq.ft. | 2.4 ha<br>77,500 sq.ft. | 2.4 ha<br>77,500 sq.ft. | 2.4 ha<br>77,500 sq.ft. | 2.4 ha<br>77,500 sq.ft. |
| e) Marine Related Service Industrial | 0 | 0 | 0 | 0 | 4.5 ha<br>60,000 sq.ft. | 1.2 ha<br>20,000 sq.ft. |
| Development Period | 5 years | 4 years | 4 years | 3 years | 4 years | 3 years |
| Anticipated Number of Employees (1) | 2,050 | 2,275 | 2,724 | 2,682 | 2,462 | 2,646 |
| Estimated Annual Tax Revenue upon Completion | $2,700,000 | $2,800,000 | $3,200,000 | $3,300,000 | $3,100,000 | $3,200,000 |

(1) Employment Density Assumptions

(i) Manufacturing/Distribution - 1 employee/700 sq.ft.
(ii) Ancillary Retail/Service Commercial - 1 employee/550 sq.ft.
(iii) Multiple Tenant Industrial - 1 employee/550 sq.ft.
(iv) Quaternary Industrial - 1 employee/425 sq.ft.
(v) Maine Related Service Industrial - 1 employee/1,000 sq.ft.

In summary, it is concluded that either Concepts 4 or 6 best satisfy the market demands and the joint objectives of the City and the Harbour Commissioners for the following reasons:

- They are oriented to satisfy a wide range of market demands thereby reducing the risk associated with development.
- The projected development period is short.
- Anticipated employment levels are high relative to other concepts.
- Potential tax revenue upon completion is high.
- Discounted residual land values are towards the high end of the range.

## Zoning and Design Guidelines

Depending on the land use concept chosen, amendments will be required to the I3D3 zoning to permit a wider range of quaternary industrial and ancillary retail/service commercial uses; however, imposition of rigid zoning standards should be avoided. Development should be regulated through the development control provisions of Section 40 of the Planning Act on an individual site basis in accordance with an overall conceptual plan and a set of development design guidelines. Zoning of the land should be flexible enough to accommodate any of the following uses;

- 1 - Greenbelt and Open Space
- 2 - Manufacturing and Distribution/Multiple Industrial with no outside storage
- 3 - Marine Related Service Industrial with controlled outside storage

- 4 - Quaternary Industrial

  (Quaternary is a term used to refer to those business activities which do not fall into conventional classifications of industrial and office uses and which are service in nature and provide necessary support services for businesses within industrial areas. Typically, the use in its entirety does not comply with the commercial or industrial zoning as generally defined. Quaternary uses include the following as examples; Advertising firms, related and support industries, - Telecommunications; sales, service, distribution and repair, - Data processing; distribution, management and storage - Graphic Arts' studio's, graphic production, colour seperation, typesetting, computer graphics, printing and design, - Technical Services; architects, engineers, surveyors, interior designers, industrial designers, space designers and related consultants, - Office Equipment; sales service and distribution.

The previously mentioned uses are examples of quaternary uses. The list is not intended to preclude or restrict other uses, but rather to indicate a generic type.

Quaternary uses are continuing to evolve and develop. Consequently, conventional zoning bylaws must be questioned in their application. In order to accommodate these dynamic uses, a zoning bylaw should be applied in a broad sense to minimize conflict among uses and optimize potential synergy. The real test is not based upon notions of compatability, but rather upon economies of agglomeration and synergy.

Many of the specific uses, indicated in the current I3 bylaw such as fish packing plants, a commercial stable and a poultry killing establishment are examples of uses which are not appropriate to associate with quaternary uses.

We recommend that the land use controls for the proposed business park be amended to allow and encourage quaternary uses and that the uses be controlled by a series of performance standards as opposed to a defined list of uses.

- 5 - Ancillary Retail/Service Commercial
  (Consideration should be given to increase the size restriction of 475 square meters upon an eating establishment; in the present bylaw)

To encourage industry and reduce delays, authority for municipal approval of site plans should be given to City staff and not referred to Committees and Council for approval except in cases of disagreement.

Development design guidelines should be prepared to assist in encouraging a high standard of design and ensuring that development is compatible with the recreational waterfront context and maintains high standards of environmental protection. Guidelines should address the following matters:

- High standards of landscaping as well as adequate standards of off-street parking, signage, screening and buffering.
- Views of the Outer Harbour and the overall visual character of the development.
- Protection of existing natural and recreational amenities
- Coordination of streetscapes, building forms and architecture.
- Control of outside storage.
- Elimination of potentially noxious uses.

## Sale vs. Lease of Land

It is recommended that the Harbour Commissioners sell rather than lease the land, for the following reasons:

- capitalized value of land lease is at least 13 - 15% less than land sale value.

- lenders are uncomfortable lending on leased land.
- difficulty selling facilities on leased land.
- the unconventional nature of leasing land reduces market interest.
- sale of the land can fulfill the clients' objectives of public access to the lakefront and control of the development through - zoning

  - restrictive covenants

  - retaining ownership of adjacent waterfront lands.

## Development Mechanics and Preliminary Marketing Plan

The successful development of the proposed Outer Harbour Business Park will be contingent on the Toronto Harbour Commission being able to involve both the City of Toronto and a developer to provide the following:

### City

- Servicing of the land
- Assisting in the planning and controlling of the project

**Developer**

- Capital to build speculative facilities
- Development, construction and marketing expertise
- Terms of the joint venture or alliance will be subject to negotiation between the parties involved, and can vary dramatically with respect to the following variables: control, income, liability, risk, and flexibility.

- The lands within the project should be available for sale to accommodate financing and allow residual value of real estate to be realized.

The major objectives of the action plan are as follows:

- to establish a basis of agreement to have the City of Toronto service the lands.
- The Harbour Commissioners should establish a format to involve one or more experienced developer/builders who are capable of both speculative and design/build construction.
- Joint venture arrangements to be established and controlled by the Toronto Harbour Commissioners.

- The joint venture should require the construction of 200,000 to 350,000 square feet within 18 months to provide the initial critical mass and create market impact.
- The establishment of the joint venture can be accommodated through one of the following approaches:
  - modified tender
  - directly by the Toronto Harbour Commissioners
  - use of a broker or brokers

The marketing concept should be directed at a series of target markets and provide flexibility by being able to accommodate a number of different types of transactions such as:

- Speculative space for lease
- Design/build facilities for sale or lease, and
- Land sales

## SECTION 1 - INTRODUCTION

### 1.1 Preface

Coldwell Banker Canada Inc. and the Proctor and Redfern Group were retained by the City of Toronto and the Toronto Harbour Commissioners to evaluate the market for, and economic feasibility of, an 86 acre tract of land in the Port Industrial District. The study has industrial and related uses as the primary focus consistent with the Port Industrial Task Force Report (1980) and the conceptual goals of the current Central Waterfront Plan.

The study that follows has been guided by the goals and objectives of both the City of Toronto and the Toronto Harbour Commissioners. The underlying approach to the study has been to provide an understanding of contemporary industrial market dynamics in conjunction with current market information to yield recommendations and an action plan for development which can be realized in the short run. The orientation of the study is to develop realistic alternatives which orient the project to fulfill market demand and to optimize the economic, financial and employment goals of the clients.

The study analyzes the overall market as well as the physical and locational opportunities and constraints of the site to determine its relative market position. A series of development scenarios are advanced and assessed with respect to the costs, benefits and risks of each.

## 1.2 Objectives

The objectives of the City of Toronto and the Toronto Harbour Commissioners are reviewed below. Based on the terms of reference and discussions with the coordinating committee guiding the study, the following objectives have been identified:

1) to determine the economic viability of developing the lands at the foot of Leslie Street as a business park,

2) to provide opportunities to retain and renew industries in the city,

3) to optimize the value of the lands for their owner,

4) to increase property tax revenue for the city,

5) to create job opportunities through industrial development,

6) to address the environmental impact of the proposed project, and

7) to develop the land in a manner compatible with the Toronto Harbour Commissioners' present and future plans for the waterfront.

8) to explore possible marketing strategies.

## 1.3 Methodology and Work Program

The methodology is both inductive and deductive in nature. The study initially presents an analytical overview of the "industrial" space market in the Toronto area. This overview is of particular importance in defining current trends and underlying economic factors in the market which act as premises in establishing the market position of the site.

The second process, which is inductive in nature, considers several potentially competitive sub-markets in greater detail to establish the character, constraints and demands of these areas. It is from these sub-market analyses, combined with evaluation of the inherent strengths, weaknesses and uniqueness of the proposed Outer Harbour Business Park, that the competitive market position of the park is established.

The study has utilized the following work program as an analytical framework to determine the market viability and financial feasibility of the Outer Harbour Business Park.

1) Background and Overview of the Current Industrial Market
   - major factors in the market
   - dynamics of market
   - short term future of the market

2) An Analysis of Contemporary Location Dynamics
   - analysis of new firms and those re-locating in 1984
   - survey of firms to determine rationale for relocating
   - factors influencing their decision

3) Survey and Analysis of Selected Sub-markets
   - Carlaw/Logan area
   - East York
   - King/Spadina area
   - Markham - (Woodbine/Steeles Area)

4) Sectorial Analysis of Marine and Marine Related Industries

5) Market Position of Site Relative to the Market

6) Planning and Development Context
   - physical contraints/opportunities
   - planning status
   - servicing costs

7) Development Scenarios and Cost Benefit Analysis
   - development and evaluation of scenarios
   - financial and economic impact
   - impact on other harbour lands
   - planning policy implications

8) Review of Development Mechanisms

## 1.4 Preface Notes

The following notes describe a series of market factors articulated in earlier research conducted by Coldwell Banker. The study utilizes these factors as postulates in its analysis.

The rapid rate of improvement in automation has affected every aspect of modern life, from home life to the way one shops. The industrial and business worlds have experienced the most dynamic changes. Improvements in communication, warehousing, manufacturing and other sectors have been very dramatic and have greatly altered the facilities required to house these "industrial sectors". The concept of a continuum extending from "smoke stack industries" to professional offices has become poorly defined and confusing as technology has blurred the lines between places and types of employment.

The sociological classification scheme of "blue collar - white collar" has become less meaningful and will continue to decline in its appropriateness as more firms become "higher tech". The blurring of the continuum is operative from both ends: from the manufacturing firm automating and becoming more of an office use and the office use automating and approaching the manufacturing use.

In response to the changes in types of use, their appearance and the significant growth in the service sector, what was previously referred to as an industrial park has evolved into a business park. The change in terminology is significant from a marketing perspective. Business parks will have the ability to accommodate a wider array of uses, offer greater flexibility in land use, and maintain an attractive park like setting in the future.

In the past, most analyses of real estate markets have relied on sectoral analysis to identify growth within a sector and develop market programs which focus on the growth areas. This report has attempted to avoid sectoral analysis wherever possible because our experience indicates that the information is difficult to calibrate for minor industrial sectors and in many cases is not relevant to the real estate market since much of the demand arises from relocation, not growth. Consequently, the most effective manner by which to determine market position is by the type of facility. The type of facility will generally dictate the broad types of uses.

One of the most notable changes in the business space market over the past thirty years has been a significant increase in firms renting as opposed to owning facilities. The dramatic change in tenure has arisen from a number of factors, some of which are listed below:

## EXHIBIT 1

## METROPOLITAN TORONTO AND AREA INDUSTRIAL SPACE SURVEY 1985

| MUNICIPALITY | TOTAL SPACE | COMPETITIVE* | ADDED 1984 SQ. FT. | CURRENT VACANCY |
|---|---|---|---|---|
| Toronto | 59,880,200 | 26,380,200 | 35,000 | 4.9 |
| York | 8,110,000 | 5,510,000 | 83,000 | 9.8 |
| East York | 9,799,000 | 4,097,000 | 134,000 | 8.5 |
| Inner Three | 77,789,200 | 35,987,200 | 252,000 | |
| Etobicoke | 72,047,500 | 41,047,500 | 4,530,000 | 5.1 |
| North York | 78,340,000 | 51,930,000 | 2,350,000 | 5.5 |
| Scarborough | 55,617,500 | 44,620,500 | 1,520,000 | 4.2 |
| Outer Three | 206,005,000 | 137,598,000 | 8,400,000 | |
| Metropolitan Toronto | 283,794,200 | 173,585,200 | 8,652,000 | 7.8 |
| West Fringe | 91,582,000 | 90,339,500 | 4,686,500 | 8.8 |
| North Fringe | 38,062,000 | 37,389,500 | 4,127,000 | 6.2 |
| East Fringe | 8,716,000 | 8,516,000 | 201,000 | 7.1 |
| Total Fringe Area | 138,360,000 | 136,245,000 | 9,014,500 | |
| Total Toronto Area | 422,154,200 | 309,830,200 | 17,666,500 | 8.1 |

*Competitive space is less than 20 years old.

West Fringe: Brampton, Mississauga and Oakville
North Fringe: Aurora, Markham, Richmond Hill and Vaughan.
East Fringe: Ajax and Pickering.
(1) (All figures in square feet)

Source: Based on Building Permit Values provided by each Municipality.

- growing number of small businesses: - ownership places too great a burden on capital
- the introduction of the industrial rental multiple
- firms desiring automation require capital for business as opposed to real estate
- general change in business philosphy to optimize return on investment - real estate is generally not able to provide returns comparable to business.

There is a large and increasing number of renters in the market for industrial space. This trend is likely to continue and to accelerate as firms increase capital intensification and smaller start-up firms continue to enter the market. The consequence to the proposed Outer Harbour Business Park is that the ultimate market will primarily be composed of renters, not owners of industrial space.

Several of the above factors are discussed at greater length in the following sections. The purpose of these explanatory notes is to provide general insight into the structural changes which have inherently affected the market and influenced the study.

## SECTION 2 - BACKGROUND AND OVERVIEW OF THE INDUSTRIAL MARKET

### 2.1 Background

### (i) Introduction

The development of an industrial park on a parcel of land comprising ± 86 acres of land at the foot of Leslie Street in the City of Toronto has been a subject of discussion between the City and the Toronto Harbour Commissioners for a number of years. Several previous studies have been undertaken, but it has only been recently, with the completion of The Central Waterfront Plan, that clear policies and guidelines have been established to direct development in the harbour area.

In his report of August 23, 1984, Mayor Eggleton noted that "the proposed industrial park site has certain locational advantages that will enhance its attractiveness to certain types of industries. These advantages include excellent transportation access, (road, rail, marine) available labour supply, access to downtown markets and proximity to the waterfront parkland. It also has problems that must be overcome to successfully market the area. These include higher realty and business taxes compared to elsewhere in Toronto Region, higher construction costs because of foundation costs and possible negative perceptions of the area."

## (ii) General Location

The proposed Outer Harbour Business Park is located at the easterly end of the Toronto Harbour at the foot of Leslie Street. As part of the Port Industrial District, the ± 86 acre parcel of reclaimed land is approximately 3.5 km from the downtown area and at the eastern extremity of the Toronto Outer Harbour. The site is centrally located to provide industrial space in close proximity to downtown Toronto and is readily accessible.

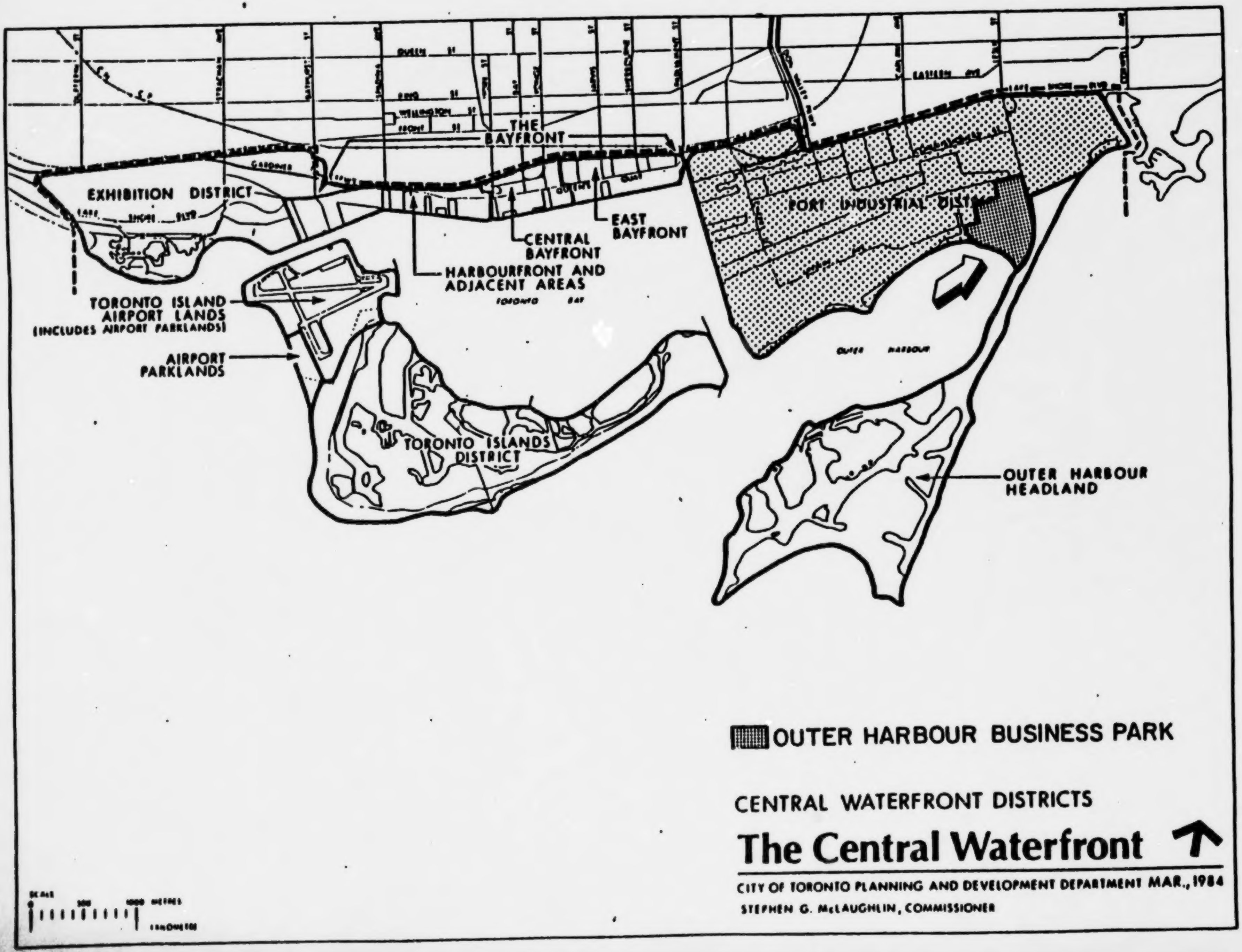
## (iii) History

The port area industrial lands and the specific lands which are the subject of this report have been under study for a number of years by various bodies. In 1975, the Port Industry Task Force concluded a study of all the industrial lands south of Lakeshore Boulevard between Leslie Street and Cherry Street and made the following recommendations:

1. The industrial sector of the Port be named and publicized as the "Port of Toronto Industrial Park".

2. The zoning of the "Port of Toronto Industrial Park" for industrial use (as described in Chapter IV-D of the 1975 report) should be confirmed and publicized to provide the stable environment industry requires.

MAP 1


QUEEN ST
KING ST
WELLINGTON ST
FRONT ST
GARDINER
LAKE SHORE BLVD
EASTERN AVE
THE BAYFRONT
EXHIBITION DISTRICT
CENTRAL BAYFRONT
EAST BAYFRONT
HARBOURFRONT AND ADJACENT AREAS
TORONTO BAY
TORONTO ISLAND AIRPORT LANDS (INCLUDES AIRPORT PARKLANDS)
AIRPORT PARKLANDS
TORONTO ISLANDS DISTRICT
PORT INDUSTRIAL DISTRICT
OUTER HARBOUR
OUTER HARBOUR HEADLAND
SCALE 0 500 1000 METRES
1 KILOMETRE

▨ OUTER HARBOUR BUSINESS PARK

CENTRAL WATERFRONT DISTRICTS

## The Central Waterfront

CITY OF TORONTO PLANNING AND DEVELOPMENT DEPARTMENT MAR., 1984

STEPHEN G. McLAUGHLIN, COMMISSIONER

3. A development plan for the Port and Outer Harbour be initiated for the creation and servicing of approximately 400 additional acres of industrial lands.

4. Aggressive efforts be made to promote industry in the area. This will serve to improve employment opportunities and will help maintain a healthy social balance in the City of Toronto.

   Top priority should be given to industries requiring dockwall frontage, raw water or having a high density of employment.

5. The Toronto Harbour Commissioners undertake a builder-developer role, providing lands and buildings for lease instead of lands only.

6. The appearance and services of the existing utilized portion of the "Port of Toronto Industrial Park" area be improved.

7. While complementary types of commercial uses and certain recreational uses are viewed as being compatible with the Port of Toronto Industrial Park concept, no residential uses should be permitted in the Port and Outer Harbour area.

8. The tax assessment situation in the Port and Outer Harbour area be immediately reviewed.

In March 1979, the Task Force was appointed jointly by the City of Toronto and the Toronto Harbour Commissioners.

In its report of October 1980, the Task Force made the following recommendations with respect to the potential industrial park lands at the foot of Leslie Street:

- o That Toronto City Council and the Toronto Harbour Commissioners encourage any new industrial development in the Port area to be at the highest practical density.

- o That the Toronto Harbour Commissioners enter into discussions with the Provincial Government to resolve, as soon as possible, the question of ownership of the land beyond the southerly limit of the present THC water lots.

- o That the Toronto Harbour Commissioners undertake to develop the area at the foot of Leslie Street as an industrial park, in the following manner:

i) that such undertaking follow the basic requirements for industrial park development discussed in this report; namely, organization, response to client enquiries and a marketing plan;

ii) that Toronto City Council provide, as necessary, funds from general tax revenues to provide needed municipal services for industrial park development at the foot of Leslie Street;

iii) that the Toronto Harbour Commissioners and the City of Toronto agree on the general objectives guiding such development, including such considerations as: a marketing strategy directed at labour intensive industries; a layout and phasing for the provision of services to the area; controls on the types of industrial uses through a combination of zoning, restrictive covenants and leasehold agreements; and controls on the design of buildings and the provision of landscaping, including the adoption of specific criteria to be used when considering development review applications;

iv) that the Toronto Harbour Commissioners and the City of Toronto establish the Port of Toronto Industrial Park Coordinating Team (consisting of the Chairman of the THC, or his representative; the Mayor of Toronto, or his representative; the General Manager of the THC; and the City's Commissioner of Planning and Development) to expedite the implementation of development and to facilitate coordination between the THC and the City;

v) that the Toronto Harbour Commissioners, in consultation with the Port of Toronto Industrial Park Coordinating Team, engage a Project Manager (such as a professional or company knowledgeable and experienced in industrial park development, marketing and management) for the industrial park development and that the Project Manager be jointly funded by the THC and the City and have joint reporting responsibility to the THC and the Coordinating Team; and

vi) that the Toronto Harbour Commissioners and Toronto City Council direct their respective officials to give full cooperation to the undertaking of the industrial park development.

No action was taken on the above recommendations pending completion of the Central Waterfront Plan. With the completion of the Waterfront Plan in 1984, Council agreed to proceed with the present joint marketing and economic feasibility study to better define the feasibility and most appropriate development strategy for the Outer Harbour Business Park.

## 2.2 Overview of the Industrial Market and Market Trends

### (i) Overview

Over the past quarter century, the industrial/business space market has been highly dynamic. In addition, many underlying structural components have changed, largely due to increased automation. These changes have had a profound impact on the business space market. The primary purpose of this section of the study was to review the major trends and factors influencing the business space market in the greater Toronto area. Factors examined include estimates of land and built space with regard to availability and demand as well as how current economic conditions and technological change effect space requirements. In addition, two supply sources are closely scrutinized; the speculative builder and the renovation of older stock.

It is anticipated that the experience of the recent economic slowdown as well as changing consumer and government attitudes will bring about additional and significant changes touching every sector of the Canadian economy, capital markets, services to business, retail goods and services, manufacturing, warehousing and distribution. These changes will include a rationalization of production techniques, a reassessment of manpower requirements and ultimately a reassessment of real estate needs and forms of tenure. The market response to these economic factors will have a significant bearing on real estate decisions in 1985 and beyond.

Despite having just come through a severe recessionary period in the early 1980's, the industrial sector has renewed confidence in the short term. This has been brought about by stronger consumer demand (in home and export markets), less volatile interest rates and pro-business governments. The Toronto Region has been, and will continue to be, a market in transition as sources of economic and employment growth continue to evolve. Several industries, in particular the service sector, are experiencing significant growth while many others, such as manufacturing are either stable or declining.

Our recent update of industrial space has determined that the regional inventory increased by approximately 4.1% in 1984 as shown in Exhibit 1. This equates to an addition of 17.6 million square feet to the existing inventory of 422.2 million square feet, and represents a strong rebound of building activity after slumping from highs of 18 to 20 million square feet in the late 1970's, to 11.5 million square feet and 7 million square feet in 1982 and 1983 respectively.

The 1984 figures illustrate a continuation of the recent past with little new development of any significance within the central urban areas of Toronto, East York and York. This latest information confirms the postulate that the greatest additions to the stock are in the periphery. These areas will continue to grow to the detriment of the municipalities within Metro. This information is consistent with the concept of capital intensification and peripheral drift presented in the 1980 study prepared for Metropolitan Toronto, entitled - "Shift Share Analysis of Metro Toronto"

Although little new development has taken place in the City of Toronto, or the Boroughs of East York and York, these municipalities have experienced somewhat of an economic surge tied to the economic recovery begun in 1983. For example, the vacancy rates in these three municipalities has declined dramatically from more than 15% to less than 11%. In East York alone, more than 450,000 square feet was absorbed in 1984 within existing facilities and 130,000 square feet was added. However, the municipality is now near capacity.

The quick recovery of industry is a direct result of the increased flexibility of labour over capital. However, if the economy continues to rise and the cost of capital continues to decline, the tendency of firms to capitalize and simultaneously drift to the periphery will occur once again. Consequently, it is expected that firms which can be automated will continue to become more capital intensive and drift. Ultimately, if this trend continues, labour intensive industries will increasingly predominate near the core and capital intensive industries will occupy the periphery.

The desire of many municipalities to create employment opportunities and to establish a solid industrial assessment base has resulted in the designation of more than 45,000 acres of land for industrial uses in the Toronto Region. The size, character and distribution of specific competitive industrial parks is well documented in the Peter Barnard study of February 1984 prepared for the Toronto Harbour Commissioners. The study concludes that an oversupply of land currently exists in the market. Over the next decade, industrial park development will concentrate in Scarborough and the fringe area municipalities. Exhibit 1 (which follows Page 6) supports this contention. As a result, the marketing strategy for the proposed Outer Harbour Business Park should consider that it is in a relatively weak position to compete with other areas strictly on the basis of selling serviced industrial lots since there is an abundance of serviced land and very competitive Vendors in other areas.

### (ii) Market Trends

#### a) General Elements of Present Industrial Space Demand and Characteristics

When not possible within existing facilities, plans to expand plants or offices usually result in acquisition of a second location or complete relocation. In addition, the consolidation and/or rationalization of operations can be the stimulus for a complete relocation of a company. While both examples of relocation do absorb new space, they add to the inventory of vacant space. Our previous market research indicates that "relocation" rather than real industrial growth (i.e. new ventures) is the major component of demand and is also largely responsible for the abandonment of older stock.

Underutilization of existing manufacturing capacity will allow for substantial increases in production without the need for new or expanded facilities or additional employees. This is confirmed by employment forecasts of the Ontario Economic Council (see Exhibit 2). In the short term, businesses will maintain reduced inventory levels and this in turn will limit demand for additional warehousing.

Manufacturers have rationalized their operations to maximize their competitive position. This rationalization includes tailoring real estate usage to provide the most cost effective facility to accommodate high technology machinery and contemporary inventory control and distribution. The end result of this restructuring, retooling, capital intensification and reduction in labour, is a continued decentralization or drift to suburban locations and beyond.

The forecast for employment prepared by the Ontario Economic Council (refer to Exhibit 3) projects anticipated growth rates for each industrial sector for the balance of the decade. Manufacturing

EXHIBIT 2

## ONTARIO EMPLOYMENT FORECAST

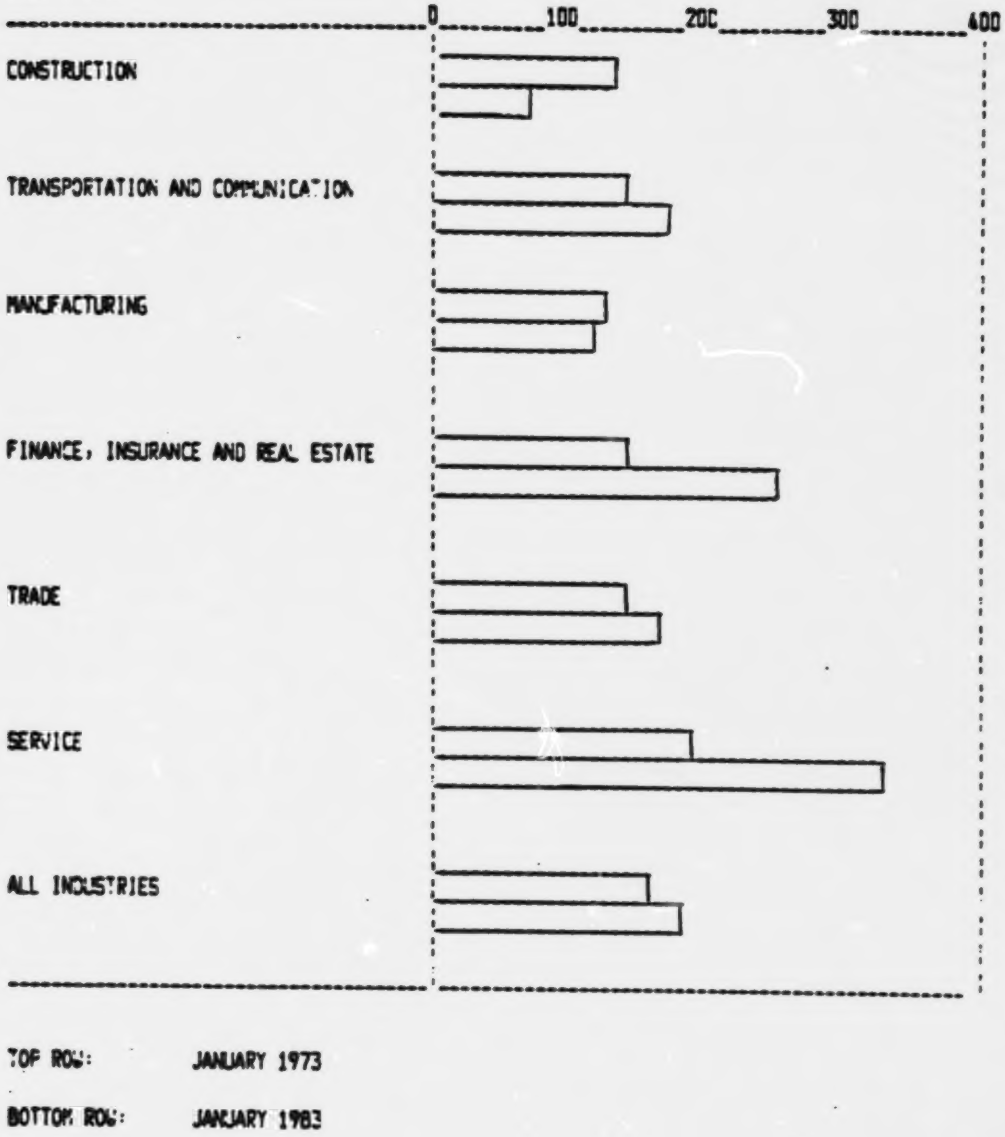
| INDUSTRY SECTOR | ANNUAL AVERAGE GROWTH RATE (%) 1967-73 | 1974-80 | 1981-90 |
|---|---|---|---|
| Agriculture, Fishing and Trapping | -1.2 | 1.2 | -2.8 |
| Forestry | -4.0 | 1.4 | 2.5 |
| Other Mines and Quarries | 3.0 | 1.6 | -0.2 |
| Food, Feed, Beverages and Tobacco | 1.1 | 1.9 | 0.8 |
| Textiles and Clothing | 2.9 | 1.4 | -2.0 |
| Wood and Furniture | 1.4 | 0.2 | -1.4 |
| Paper, Printing and Allied Ind. | 1.0 | 2.5 | 0.1 |
| Primary Metal and Metal Fabricating | 1.7 | 1.4 | 0.4 |
| Motor Vehicles and Parts | 3.5 | -1.5 | 1.3 |
| Machinery and other Transportation Equipment | 0.8 | 3.9 | -0.2 |
| Electrical Products | 2.0 | 0.4 | -0.5 |
| Chemical, Rubber and Petroleum Products | 1.2 | 3.3 | 1.0 |
| Non-Metallic Mineral Products | 2.0 | -0.3 | 1.2 |
| Other Manufacturing Industries | 3.5 | 0.7 | -2.0 |
| TOTAL MANUFACTURING | 1.8 | 1.4 | 0.0 |
| Construction | 2.3 | -0.8 | 3.8 |
| Electric Power, Water & Gas Utilities | 3.4 | 2.8 | 2.7 |
| TOTAL GOODS-PRODUCING INDUSTRIES | 1.5 | 1.1 | 0.4 |
| Transportation and Storage | 1.8 | 1.5 | 0.2 |
| Communication | 4.0 | 3.9 | 3.4 |
| Trade | 3.9 | 2.9 | 2.2 |
| Finance, Insurance & Real Estate | 5.0 | 5.8 | 3.2 |
| Other Service Industries | 5.5 | 6.6 | 4.5 |
| TOTAL SERVICE INDUSTRIES | 4.4 | 4.7 | 3.4 |
| Government Sector | 4.4 | -0.6 | 0.8 |
| TOTAL ALL SECTORS | 3.2 | 2.7 | 2.2 |

(Source: Ontario Economic Council 1983, The Ontario Economy 1982-1995)

EXHIBIT 3

INDEX NUMBER OF EMPLOYEES
BY INDUSTRY DIVISION

Toronto CMA:
1961 = 100



employment overall is forecast to remain level although important manufacturing subgroups such as automotive and chemical, rubber and petroleum products will experience small increases.

By contrast, the service industries - transportation, communication and business services (finance, insurance and real estate) - are expected to continue expanding. Much of this growth will be through the introduction of new smaller firms into the market as opposed to growth in large existing firms.

The industrial areas in the suburbs and municipalities peripheral to Metro Toronto were developed because of the availability of relatively inexpensive land and improved accessibility as regional highway networks were developed. A 1984 survey by Coldwell Banker of over 500 industries in Markham, indicated that firms which had been located in Markham for more than 10 years had moved to the area because of relatively inexpensive land and the ability to accommodate future growth (refer to Appendix A). Firms which were more recent, indicated accessibility to major highways as the major reason for locating there.

Markham and Mississauga have been characterized by a predominance of industrial multiple projects for lease which have met the demand for small entrepreneurial space. The advantages of this type of space in these locations are as follows:

i) ease of expansion (contraction)

ii) establishment of identity/image

iii) contemporary setting

iv) flexibility in terms of office/warehouse layout allowing for a combination of assembly, warehousing, distribution, sales, head office functions

v) lower occupancy costs (taxes)

vi) access to managerial and skilled labour

### b) Emerging Business Park Uses

The industrial service firm can be described as providing "services to business" and includes various non-manufacturing activities such as systems design, printing and graphics, video design, communications, etc. This market sector can be expected to contribute a larger measure of employment growth and space requirements in the next 10 years.

A second, increasingly common use in many industrial areas is the warehouse retailer who has foregone a high exposure location, but benefits from less expensive rents, easy access and customer parking for the mobile consumer. This type of retailer counteracts his lack of exposure by massive print and media advertising campaigns.

A third type being integrated into industrial areas is the tenant who resembles an office user, but for business reasons and aided by more flexible land use by-laws, is able to maintain a lower profile and lower occupancy costs by being away from the financial core or other more expensive locations.

It is the overall image developers now routinely build into their industrial parks that allow these various users to co-exist harmoniously where previously distinct separations occurred. The greying in the distinction between higher and lower order uses has been recognized and addressed by developers and municipalities in the periphery.

### c) Conversion of Older Industrial Space

The inventory of older industrial buildings is primarily multi-storey, obsolete and functionally non-competitive.

Conversion to studio space and for quaternary industrial uses has been successful in older industrial buildings in the King/Spadina area. However, this has been limited to isolated situations in other areas of the City. In many cases, older facilities have been purchased at well below replacement cost and have been converted for upgraded uses.

This trend is creating two parallel markets and has added a new dimension to real estate decision-making. However, it is projected that in the near future, the bottom-line economics for new space could become more cost-effective than conversion thereby possibly eliminating the conversion market. The cost of acquiring older properties for the purpose of conversion has risen to such an extent that the financial return for the risk involved does not make economic sense.

### d) Speculative Construction and Design/Build

The ownership of industrial space has evolved through several phases. Manufacturers traditionally accepted real estate along with plant and equipment as a cost of doing business. Over time the real estate assets represented too large a capital commitment and, therefore, industry preferred to be tenants. Meeting this demand was the speculative builder who could finance his developments based on assumptions with respect to financial forecasts, absorption, rental rates, construction costs, land prices, etc. In 1981 and 1982, as confidence in these assumptions lessened and the hard reality of the recession took its toll, the speculative builder was less active in the market. Committments from builders to construct space was predominantly on a build-to-suit (design/build) basis. With interest rates currently at more reasonable levels, it is expected that there will be a resurgence of the speculative building market.

## SECTION 3 - INDUSTRIAL LOCATION DYNAMICS

### 3.1 Introduction

The previous section of this study provided an overview of the market and identified major factors influencing it today. To further assist in evaluating the market feasibility of the proposed Outer Harbour Business Park, a survey was conducted to examine the migration of industrial and industrially related firms and assist in defining a potential market niche for the proposed Park as well as its perceived strengths and its weaknesses. The results provide insight into location decision making of firms and will also assist in the development of the marketing plan to be completed in Phase II of this study.

### 3.2 Survey of Location Decision Making

The major component of this analysis focuses on a survey of 100 firms which either relocated or were involved in relocating in 1984. The sample was generated from Coldwell Banker's account list which is estimated to account for approximately 20% of the greater Toronto market. The survey involved 70 responses from the sample of 100 firms and consisted of a series of questions designed to reveal a firms' motives for relocation. (See Appendix B and C) The survey was conducted either over the telephone or by mail, if requested by the firm.

The firms interviewed spanned a wide array of industrial functions ranging from warehousing to heavy manufacturing and included a range of industry groups from printing and lithography to the marketing of computers. The types of operations these firms are involved in are broken down as follows:

Manufacturing - 43%
Warehousing/Distribution - 31%
Both Manufacturing and Distribution - 17%
Other - 9%

### (i) Purpose of the Survey

The major purpose of the survey is to determine the primary motivations of firms when considering relocation, as well as the major criteria influencing the selection of new locations. These results provide a greater understanding of industrial location dynamics and provide additional insight into the emerging industrial growth areas. By combining the results of the relocation survey with the analysis of the proposed Outer Harbour Business Park relative to competitive areas, the study is able to put forward a more complete market assessment and marketing strategy.

### (ii) Results

The results indicate that the most important reason for relocating was the requirement for a larger facility to accommodate a firm's expansion. This factor accounted for 54% of the firms surveyed. Consolidation of plants into one facility was cited secondly and accounted for 17%. Contraction of business accounted for 10% of the firms, lease expiries 6% and other reasons 13%.

Other reasons included: the desire to own rather than to lease, the need for an improved image, and to better suit business needs. Exhibit 4 illustrates these results graphically.

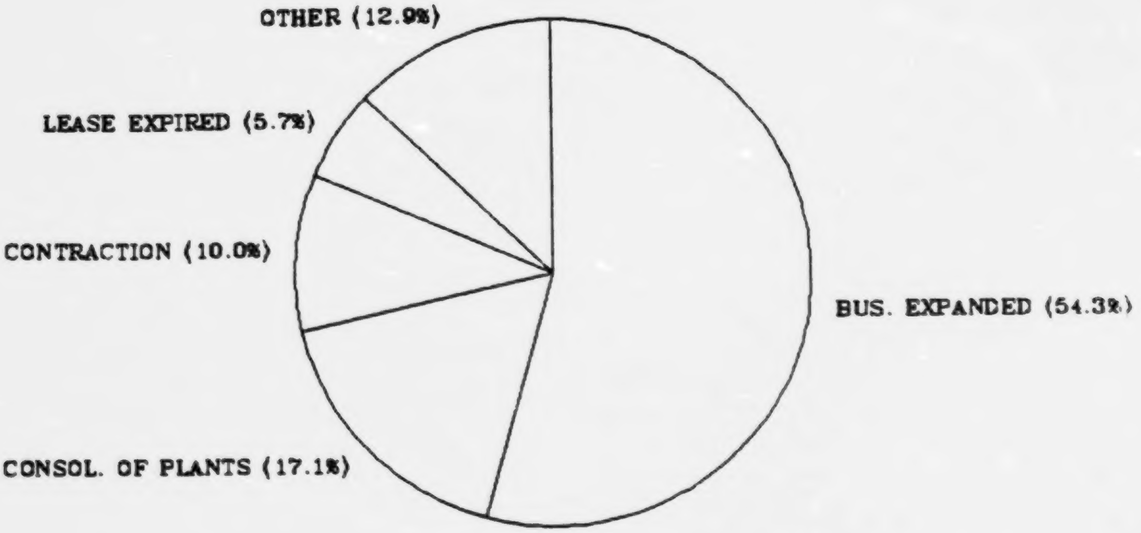
A common factor to all relocations was economic gain to the firm in one form or another. Whether that gain results in lower rent or taxes, or by achieving lower transportation costs by being located closer to customers, the move was motivated by a perceived economic advantage to the firm whether it be in the short or long run.

### (iii) Factors Determining Site Selection

The survey also discloses the major factors determining site selection (refer to Appendix C). The following table indicates these results. It should be noted that some firms indicated more than one major factor when considering relocation.

EXHIBIT 4

# REASONS FOR MOVING

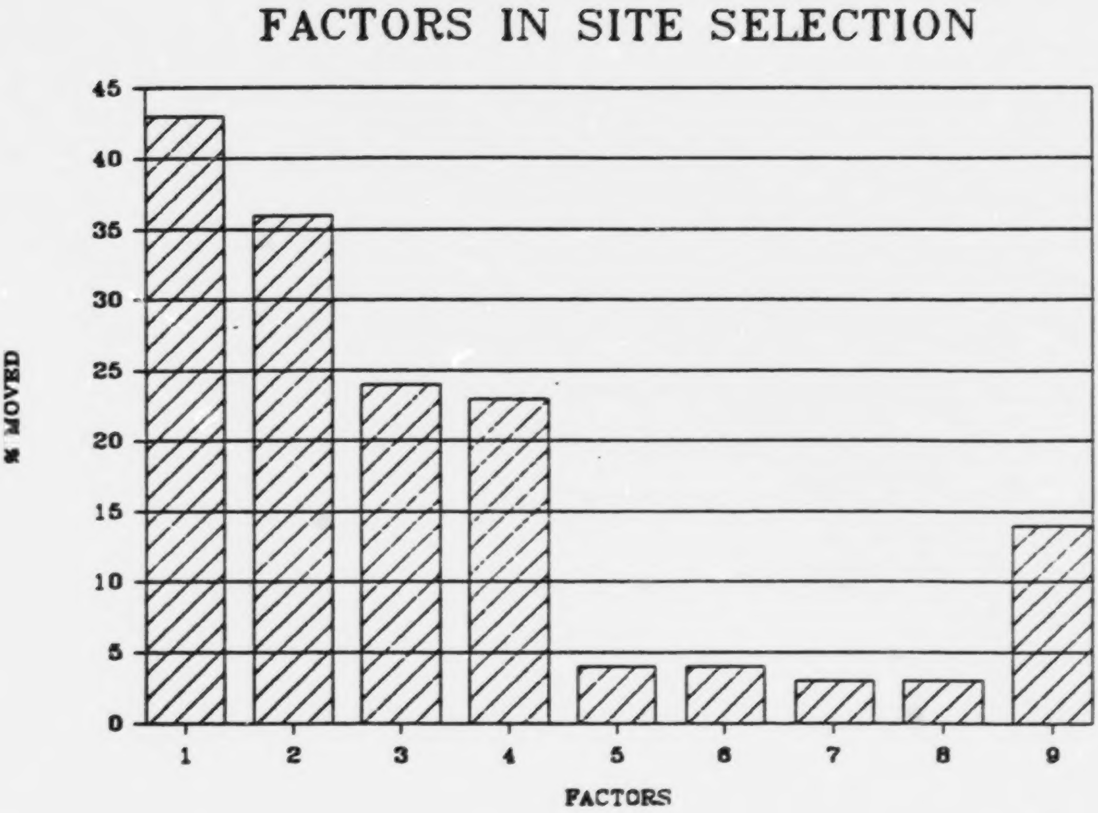


- TRANSPORTATION ACCESSIBILITY - 43%
- LABOUR SUPPLY - 36%
- LOW TAX AREA - 24%
- PROXIMITY TO CUSTOMERS - 23%
- OTHER (such as preference to own, preference to lease, relocation of residence) - 14%
- PROXIMITY TO SUPPLIERS - 4%
- NEW AREA (IMAGE) - 4%
- CLOSE TO EXECUTIVE RESIDENCE - 3%
- NON-UNION LABOUR - 3%

These results are illustrated graphically in Exhibit 5.

The factor most frequently expressed by participants in the survey was transporation access. 43% of the firms indicated that good transporation access was the major factor in determining the new site location. The second most important factor was labour supply (36%) followed by low tax area (24%) and proximity to customers (23%). Factors which were less frequently mentioned included proximity to suppliers (4%), new area or new image (4%), proximity to executive resident (3%), and non union labour supply (3%).

EXHIBIT 5



1. Transportation
2. Labour Supply
3. Low Tax Area
4. Proximity to Customers
5. Proximity to Suppliers
6. New Area (Image)
7. Close to Executive Residence
8. Non-union Labour
9. Other

### (iv) Ownership

Of the firms surveyed, (42%) owned their facility while (58%) leased. These findings tend to substantiate the earlier assertion that renters are a substantial majority of the market. Having regard for the fact that the survey was skewed towards larger businesses, one may anticipate the rental portion of the market to be somewhat higher than the findings of the survey.

### (v) Employee Density

Further analysis indicated significant variations in employee density (employees per square foot) between warehousing/distribution and manufacturing operations. Warehousing/distribution facilities averaged one employee per 2,027 square feet. Manufacturing establishments had a employee density of one per 727 square feet.

These employee densities are considerably less than those which have been perceived as standard. However, one should note these are new plants not at full production levels. Warehousing density has generally been considered at one employee per 900 - 1,000 square feet while manufacturing has generally been much lower at 450 - 600 square feet per employee. The reduction in employee density may also be a partially attributable to the capital intensification phenomenon which has been discussed earlier.

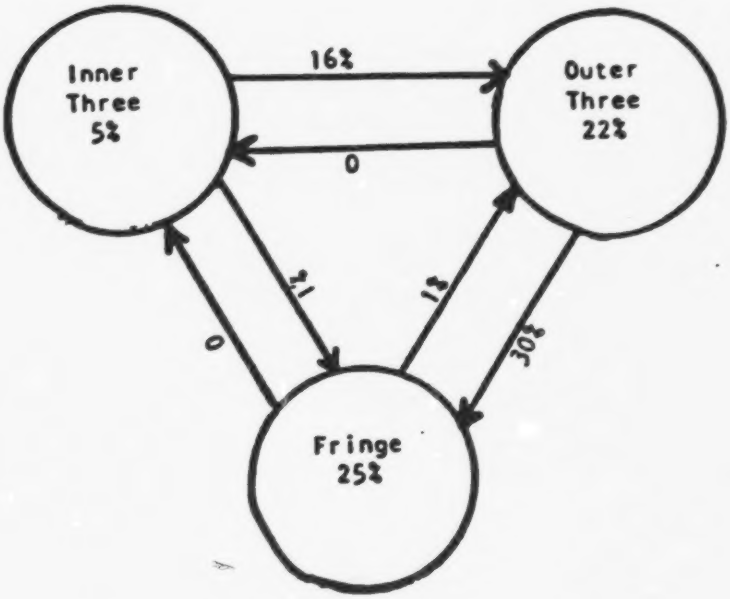
A more important variable in determining employee density may be the size of the firm as opposed to the type of industry. An analysis of the firms sampled indicated that employee density declined as the size of the facility increased.

Several correlations exist between different types of businesses and the factors most important in site selection. Not surprisingly, the more labour intensive industries indicated labour supply as the most important factor in choosing a location. Conversely, the more capital intensive industries, including warehousing operations, cited transportation access as their most important site selection factor.

These findings support the concept of capital intensification and peripheral drift mentioned in earlier sections of this study. The findings also support the concept that reduced ties to labour allow industry to shift to outer areas where lower taxes and costs prove an advantage on investment in improving their efficiency and hence return on investment.

### (vi) Relocation Patterns

A definite pattern exists when comparing the areas from which firms moved to the areas to which they relocated. By splitting up the greater Toronto area into three districts, the direction of movement is made clear. Toronto, York, and East York represent the inner city, and are referred to as the "Inner Three". Etobicoke, North York, and Scarborough are referred to as the "Outer Three". The "Fringe Area" includes Mississauga, Brampton, Vaughan, Markham and Pickering. The following chart displays the movement of firms between these three districts.



In examining the movement in these broad districts, it can be seen that the majority of movement is within a district or outwards. There was only one firm that moved inwards, i.e. from the "Fringe" to the "Outer Three".

In most cases, when a firm remained in the same district, it would relocate within a ten mile radius of its former location to minimize the disruption to its employees. For businesses with established ties to major customers and suppliers, leaving the area was not perceived as an economically viable decision. Firms also tend to remain on one side of the city, and move outwards in a radial fashion away from the centre, as opposed to across the city. This type of movement is highlighted by firms moving up the Don Valley corridor to North York and Markham, and by firms moving from the soutwest section of the city up the 427 corridor to Rexdale or along the 401 and Queen Elizabeth Way into Etobicoke, Mississauga, and Brampton.

It is also interesting to note that the movement from the Inner Three municipalities to the Fringes is very insignificant. The major flow from the Inner Three is to the Outer Three. Based on this information, it would appear that the major competition for the proposed Outer Harbour Business Park is the Outer Three municipalities of Scarborough, North York and Etobicoke.

### (vii) Other Considerations

A large number of firms had their own buildings built (23% of firms surveyed). Most of these facilities were built in the Fringe areas of either Mississauga or Markham. In addition to having a plant which is designed to their own specifications, these firms indicated that land for future expansion was very important to them. Two areas where large amounts of land are available are Markham and Mississauga and consequently, a large number of design build projects have taken place in these locations. Firms that want to plan for future expansion are forced to these areas as the existing buildings in inner industrial areas do not have room for expansion, nor land which is available for new construction.

### (viii) Summary

- From our discussions with industry, it appears that many would relocate in the harbour area if an adequate supply of competitively priced land were available. Hence, the proposed Outer Harbour Business Park would appear to have a market advantage because little alternative supply exists in the Inner Three municipalities of Metro Toronto.

- From the survey results, it appears that industry has drifted outward largely because development alternatives in the inner areas of Metro are extremely limited.

- Because of its proximity to downtown Toronto and potential for good access to public transit, the proposed Outer Harbour Business Park should be particularly attractive to labour intensive industries which have been relocating to Scarborough, North York and Etobicoke.

- The higher tax rate within the City should have relatively little impact on labour intensive industries such as Colgate Palmolive, Alias Research and Turnkey Studios; however, more capital intensive/land extensive firms could reduce their operating costs in alternative locations. As a result they will not likely consider the proposed Outer Harbour Business Park as a viable alternative.

## SECTION 4 - SUB-MARKET ANALYSIS

### 4.1 Introduction

Foregoing sections of this report have presented an overview of the Toronto Area "Business Space Market", major factors influencing the market and an analysis of contemporary location dynamics.

This section of the study considers and analyses submarkets which are believed to be directly competitive with the proposed Outer Harbour Business Park. The analysis of these submarkets provides insight into the character, as well as the strengths and weaknesses of these local markets. It is intended to assist in determining the market niche for the project and expose potential market opportunities.

The submarket analysis considers the following areas:

- King/Spadina
- Carlaw/Logan
- East York
- Markham Woodbine/Steeles area

The major component of the submarket analysis for the King/Spadina, Carlaw/Logan and East York areas was a survey of users within each area. Conducted in January and February of 1985 the analysis reflects market conditions prevailing in early 1985. The Woodbine/Steeles area was not surveyed in detail.

## 4.2 King/Spadina Submarket

For the purposes of this study, the King/Spadina industrial area is defined as the area bounded by Spadina Avenue to the west, Queen Street to the north, Simcoe Street to the east, and Front Street to the south. Industrial concentration exists on Spadina Avenue as well as on the two major streets of Adelaide and Richmond.

### (i) Types of Users

This area is comprised of a wide array of industrial and commercial uses with some modest residential use. The industrial users generally fall into two major categories: textiles and graphics; with some sundry manufacturers, export/importers etc. representing the balance of the users in the area.

The textile related industries are made up of garment manufacturers, importers, exporters, furriers, suppliers to clothing manufacturers, designers and wholesalers.

The graphics-related industries are comprised of lithographers, printers, binders, film processers, graphic ad display producers and designers, photographers, publishers, and typesetters.

While the textile and graphics industries dominate the area, (with the exception of two larger manufacturers which are the Dover Corporation and Nightingale Industries), other industries in this area include service oriented uses with some miscellaneous import/export wholesalers and distributors. The Dover Corporation manufactures elevators and occupies approximately 50,000 square feet at 126 John Street. Nightingale Industries manufacture office furniture and occupy approximately 40,000 square feet at 354 Wellington Street West.

### (ii) Market Summary

The total industrial space in this study area is approximately 2,750,000 square feet. There is currently some 90,000 square feet of vacant space, representing a vacancy rate of approximately 3.3%. Relative to other markets, the vacancy rate is extremely low and indicative of a very strong market. This vacancy is made up of several pockets of space, often made available as the result of the sale of a building. In some cases, purchasers have acquired buildings and improved the space to command higher rates. One recent example is the Ryerson-Press building located at 295 Queen Street. The new owners made substantial cosmetic changes to the interior of the building, retained some of the previous tenants, and are now negotiating three year leases at rates in excess of $8.00 per square foot gross.

Generally, the downtown west corridor in which this study area lies, has experienced strong demand from user/buyers made up of users, renovators, developers and investors (refer to Exhibit 6). The high level of activity is thought to be related to;

1) the rezoning potential of property to allow commercial uses,
2) the emergence of quaternary uses in the area, and
3) the proposed projects of the C.B.C. and the Domed Stadium.

The attractiveness of this area to these diversely motivated buyers relates to a variety of factors; however, if a single factor could be identified, it would be that all expressed confidence in the potential for capital appreciation in the short to medium term. The impact of this activity on the market has been twofold. Firstly, industrial inventory has contracted as buildings are converted to accommodate quaternary users. Secondly, tenants have become increasingly aware of potential rate increases due to improvements to their buildings and the "neighbourhood" in general.

Rental rates fall into two basic categories: unimproved space and improved space. Rental rates for improved space in the 5,000 to 20,000 square foot range vary from $5.50 to $7.50 per square foot net, while improved space under 5,000 square feet ranges from $7.00 to $10.00 per square foot net. Unimproved space over

EXHIBIT 6

## RECENT DOWNTOWN WEST SALES
## INDUSTRIAL USAGE

| Address | Site (Sq.Ft.) | Bldg. Size (Sq.Ft.) | Sale Price | Date | Comments |
|---|---|---|---|---|---|
| 230-240 Richmond St. West | 18,500 | 60,000 | $3,200,000 | July 84 | Sold to investor. |
| 388 King Street West | 21,000 | 45,000 | $1,500,000 | Mar. 84 | Sold to investor. |
| Resold For | | | $1,900,000 | June 84 | 3 months later was resold |
| 430 King Street West | 14,000 | 41,447 | $1,400,000 | Apr. 84 | Sold to investor |
| 204 Richmond Street West | 21,500 | 51,316 | $4,400,000 | Aug. 84 | Sold to investor |
| 205-215 Richmond St. West | 13,050 | 73,094 | $2,500,000 | May 83 | Sold to investor |
| 252-260 Richmond St. West | 10,500 | 74,226 | $1,500,000 | June 84 | Sold partially leased |
| 217-225 Richmond St. West | 8,500 | 57,586 | $1,650,000 | June 83 | Sold to investor |
| 312-320 Adelaide St. West | 8,500 | 73,440 | $1,575,000 | Aug. 83 | Minor vacancy |
| 111 Peter Street | 39,071 | 148,570 | $5,850,000 | Mar. 84 | Sold with 28% vacancy |
| 111 Peter Street | 39,071 | 148,570 | $6,800,000 | Dec. 84 | Resold |
| 117 Peter Street | 19,000 | 45,000 | $3,750,000 | Dec. 84 | Sale/Leaseback for 5 years ($7.50/sq.ft.net) |

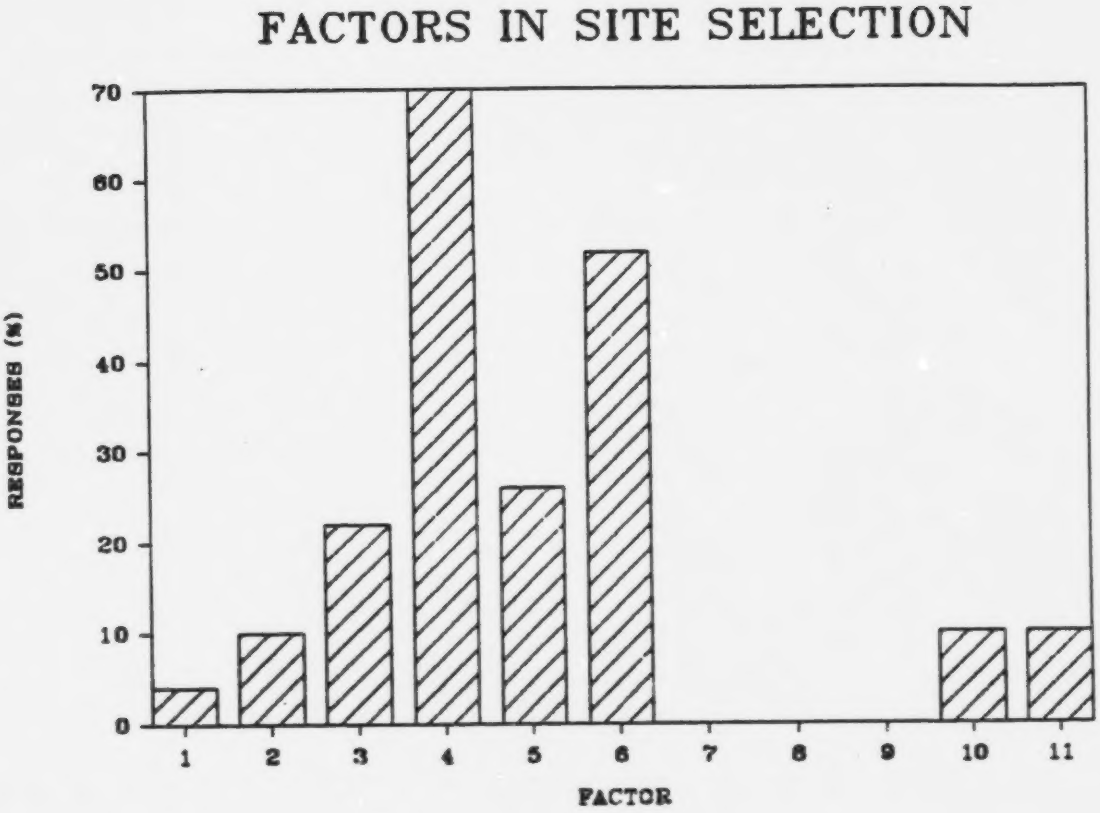
10,000 square feet commands $3.50 per square foot gross to $3.00 per square foot net. The largest amount of available space is located at 401 Richmond Street West (at Spadina), which offers approximately 39,000 square feet at $6.00 per square foot net. Generally, the rental rates in this area for either improved or unimproved space dramatically exceed the rental rates for comparable space anywhere in the Toronto market.

### (iii) Factors Influencing Location

The analysis utilized a survey of fifty firms which were randomly selected from within the study area. The survey format is indicated as Appendix D. All surveys were conducted by telephone during the first two weeks of February 1985. The following discussion presents the major findings of the survey:

Proximity to customers proved to be the factor most frequently cited by survey respondents as the most important factor influencing location (refer to Exhibit 7). This factor was followed closely by the benefits of proximity to the downtown. In this context, the features of downtown, such as a wide variety of restaurants, etc., were often cited as an important benefit. Clearly the infrastructure and ambience of the core are major factors. Transportation and the proximity to suppliers ranked as the next most important factors which determined location.

EXHIBIT 7 KING/SPADINA SUBMARKET



1. Accessibility to Highways
2. Labour Supply
3. Public Transportation
4. Proximity to Customers
5. Proximity to Suppliers
6. Proximity to Downtown
7. Water
8. Availability of Property
9. Taxes
10. Other
11. Proximity to Other Firms in Same Industry

The above factors were further related to the type of user. Both major types of users responded similarly with respect to the importance of the major factors noted above. Availability of labour and proximity to other firms in the same industry were factors cited by 10% of the firms polled. Not surprisingly, the availability of labour was cited as the key factor by textile related firms.

Only 4% of the firms surveyed identified accessibility to highways as a determining factor. Forty percent of the sample were prepared to pay a premium for their downtown location. None of the firms contacted cited the relatively higher realty taxes in the City as a factor influencing their location.

Over one third of the graphics and printing related firms responded favourably to the proposed Outer Harbour Business Park. However, virtually all other firms surveyed had no interest. This is not surprising in the case of the garment industry, which has already begun to migrate further west. The reason why the garment industry is located in this area is believed to be related to labour availability and not the amenities and benefits of the core.

Only 4% of the firms surveyed indicated that they could take advantage of the water related distribution facilities of the port.

The two major factors influencing location in the King/Spadina area are:

- proximity to customers: and,
- proximity to downtown

These two factors could be major attributes of the proposed Outer Harbour Business Park, and the level of interest from the graphics and printing related industries tends to confirm this.

Many survey respondents commented on the tenuous nature of their current tenure. This is largely related to the high level of speculation and renovation in the area with new landlords searching for tenants prepared to pay higher rents.

The timing appears appropriate for the proposed Outer Harbour Business Park to attain a large share of this graphics, printing and related industries market.

## 4.3 Carlaw/Logan Submarket

This submarket is immediately adjacent to the harbour area. For the purpose of this analysis, it is defined as the industrial area bounded by the Don Valley Parkway to the west, Lake Ontario to the south, Carlaw Avenue to the east and Dundas Street to the north. Industrial activity within the area is concentrated on Carlaw Avenue, Logan Avenue, Eastern Avenue and in the harbour area. The industrial area is surrounded by a modest residental area of broad ethnic mix.

### (i) Types of Users

Due to the availability of a good labour pool of unskilled and semi-skilled workers in the area and good public transportation, it is not surprising that the area is occupied by large labour intensive garment manufacturers including Riviera Inc., Sainthill Levine Division of Workwear Inc., Grafton Fraser Inc. head offices and other needletrade firms such as Toby Industries. Other major space users include Colgate-Palmolive Canada and Lever Detergents both of which are major soap and soap-related product manufacturers. Belkin Paperboard Division of Belkin Packaging occupies approximately 750,000 square feet and has been located in the area since 1936 mainly because of its requirement for water in production.

Other dominant industry groups represented in the Carlaw/Logan area are lighting product related manufacturers, toy assembly operations, bookbinders and publishing related firms. However, many publishing firms and bookbinders have relocated from this submarket to the Scarborough, Don Mills and Markham area over the past decade.

### (ii) Market Summary

Currently, the submarket contains approximately 5,000,000 square feet of industrial space of which approximately 600,000 square feet are currently vacant, yielding a vacancy rate of some 12%.

The majority of the vacancy can be attributed to three large, single user facilities: the Domtar Packaging plant of 288,000 square feet at 388 Carlaw Avenue (which was sold in 1984), the 112,000 square foot Danbel site at 181 Carlaw Avenue and the Toronto Iron Works Plant of 189,000 square feet. These three properties account for 85% of the vacant space and had been vacant in excess of two years. Both Domtar and Danbel relocated out of the City to more efficient single storey buildings.

The area is characterized by older multi-storey industrial buildings which, on the whole, do not have adequate shipping facilities or expansion lands to accommodate future growth. The limited ceiling heights which are prevalent in these facilities combined with "multi-floor operations" have made this vintage of building type obsolete for many businesses. Modern industry, when undergoing capital modernization or consolidation, has found that improved efficiency and lower overhead costs can be achieved by utilizing single storey, higher cubic capacity space. In the case of Danbel Industries (a manufacturer of lighting equipment), the availability of the right sized, predominantly single storey property determined its relocation to Etobicoke and made it possible for this firm to consolidate its operation under one roof.

Due to the age of the majority of the properties and the fact that they were originally constructed for single users, the mechanical, heating, electrical systems and shipping facilities do not lend themselves to division into smaller unit sizes. Consequently, most properties are leased on a gross basis at approximately $4.00 per square foot per annum gross excluding hydro. This equates to a net rental rate of approximately $1.85 - $2.00 per square foot. Taxes in this area range from $.090 to $1.15 per square foot or 15% to 20% higher than other municipalities within Metro.

Several properties of varying sizes have recently traded in this area. A summary is outlined on Exhibit 8. 26 Laing Street sold in October 1984 for $19.71 per square foot. The former Woods Inc. property at 401 Logan Avenue was sold by the Trustee for $900,000 which equates to $13.85 per square foot. The former 288,000 square foot Domtar property at 388 Carlaw Avenue sold in November 1983 for $2,150,000 or $7.47 per square foot but was offered on the market again in 1985 at a still lower price.

Several land parcels which are part of the Toronto Iron Works property are currently being offered for sale in sizes of 3.92 or 6.82 acres at $230,000 per acre. Alternatively the whole parcel comprising 16.0 acres of land and a 186,000 square foot heavy engineering facility is offered for sale at $2,950,000. The former 112,544 square foot Danbel property at 181 and 208 Carlaw Avenue has been offered for sale for almost 2 years at $1,600,000 or $14.20 per square foot. Negotiations are underway with a purchaser to acquire this site, but the terms are not available. A brief summary of available properties is outlined in Exhibit 9 and 10.

Older style facilities throughout this and other areas of the City have sold at prices well below replacement value. Depending upon the age, condition and style of construction, the prices on a square foot basis vary considerably. The properties shown on Exhibit 11 compare reasonably with 388 Carlaw Avenue and 181 and 208 Carlaw Avenue and typify the discounting of older properties by purchasers.

### (iii) Ownership

An analysis of the ownership of the facilities surveyed reveals that approximately 60% are owned by either a parent company or principals of the firm. This is particularly true for properties such as Colgate-Palmolive and Belkin Packaging which have substantial investments in capital equipment and machinery at these locations.

EXHIBIT 8

## SUMMARY OF SALES IN CARLAW/LOGAN AREA

| LOCATION | DATE OF SALE | SIZE (SQ.FT.) | SALE PRICE | PRICE (SQ. FT.) | REMARKS |
|---|---|---|---|---|---|
| 26 Laing St. | Oct. 1984 | 17,858 | $ 352,000 | $19.71 | Single storey |
| 9-13 McGee St. | Nov. 1983 | 8,000 | $ 245,000 | $30.62 | Plus 3 houses |
| 401 Logan Ave. | 1984 | 65,000 | $ 900,000 | $13.85 | Former Woods Inc. Appraised value $900,000. Overall debt for land/bldg. and equipment $1,300,000. |
| 35 Booth Ave. | 1981 | 37,349 | $ 710,000 | $19.00 | |
| | Offering 1984 | 37,349 | $ 900,000 | $24.09 | No sale reported |
| 388 Carlaw | Nov. 1983 | 288,000 | $2,150,000 | $ 7.47 | |
| | Current Offering | ±270,000 | $2,750,000 | $10.18 | Includes 1.8 acre vacant site. |
| Corner Eastern Ave./ McGee Street | Mar. 1984 | .25 acres vacant land (10,890 sq. ft.) | $ 135,000 | $12.39 per sq. ft. land | Zoned C2V2 |

EXHIBIT 9

## SUMMARY OF AVAILABLE INDUSTRIAL BUILDINGS IN CARLAW/LOGAN AREA

| LOCATION | LAND AREA (ACRES) | BUILDING SIZE (SQ. FT.) | OFFERING PRICE | COMMENTS |
|---|---|---|---|---|
| 629 Eastern Avenue | 16.00 | 186,000 | $2,950,000 | Heavy engineering Part of Toronto Iron Works |
| 17-21 Basin Street | 3.875 | 10,000 | $ 100,000 for building plus 16,896 p.a. land lease until 5/31/86 | Ultramar |
| 181 and 208 Carlaw Avenue | 1.32 | 112,544 | $1,600,000 (Sale) $1.80 per sq. ft. net (rental) | Danbel |
| 233 Carlaw Avenue | N/A (part of larger property) | 15,000 | $3.95 per sq. ft. Gross (rental) | |
| 200 Eastern Avenue | 1.05 | 11,000 | $ 650,000 | Trucking facility |
| 555 Eastern Avenue | 1.366 | 38,417 | $1,000,000 ($4.00 Gross) | |

EXHIBIT 10

## SUMMARY OF AVAILABLE INDUSTRIAL LAND SITES IN CARLAW/LOGAN AREA

LAND

| LOCATION | AREA (ACRES) | PRICE | PRICE PER ACRE | COMMENTS |
|---|---|---|---|---|
| S/E Corner Eastern Avenue and Heward St. | 3.92 | $ 900,000 | $230,000 | Part of Toronto Iron Works |
| S/E Corner Eastern Avenue and Heward St. | 6.82 | $1,575,000 | | Part of Toronto Iron Works |

EXHIBIT 11

## SUMMARY OF "OLDER STYLE" MAJOR FACILITY SALES

| LOCATION | DATE OF SALE | BLDG. SIZE (SQ. FT.) | LAND SIZE (ACRES) | PRICE | PRICE PER (SQ. FT.) | COMMENTS |
|---|---|---|---|---|---|---|
| 388 Carlaw Avenue | Nov. 1983 | 288,000 | 5.2 | $2,150.000 | $ 7.47 | |
| 78 Miranda Avenue | May 1983 | 149,797 | 2.97 | $1,545,000 | $10.31 | Sold to Fabricland |
| 222 Klington Aveneu | Sept. 1983 | 240,000 | 4.75 | $1,350,000 | $ 5.62 | Sold to Danbel |
| 185 Wright Avenue | 1984 | 385,000 | 19.4 | $4,600,000 | $11.95 | Sold to Bauhaus |
| 40 Queen Elizabeth Boulevard | Sept. 1984 | 70,090 | 2.67 | $1,350,000 | $19.26 | |
| 724 Caledonia Road | Dec. 1984 | 134,000 | 7.27 | $2,150,000 | $16.04 | Sold to Fame Furniture |
| 7-29 Wabash Avenue | Sept. 1984 | 72,080 | 1.67 | $ 525,000 | $ 7.28 | |
| 250 - 258 St. Helens Avenue | Sept. 1984 | 78,187 | 2.40 | $ 800,000 | $10.23 | Sold for mini warehouse conversion |

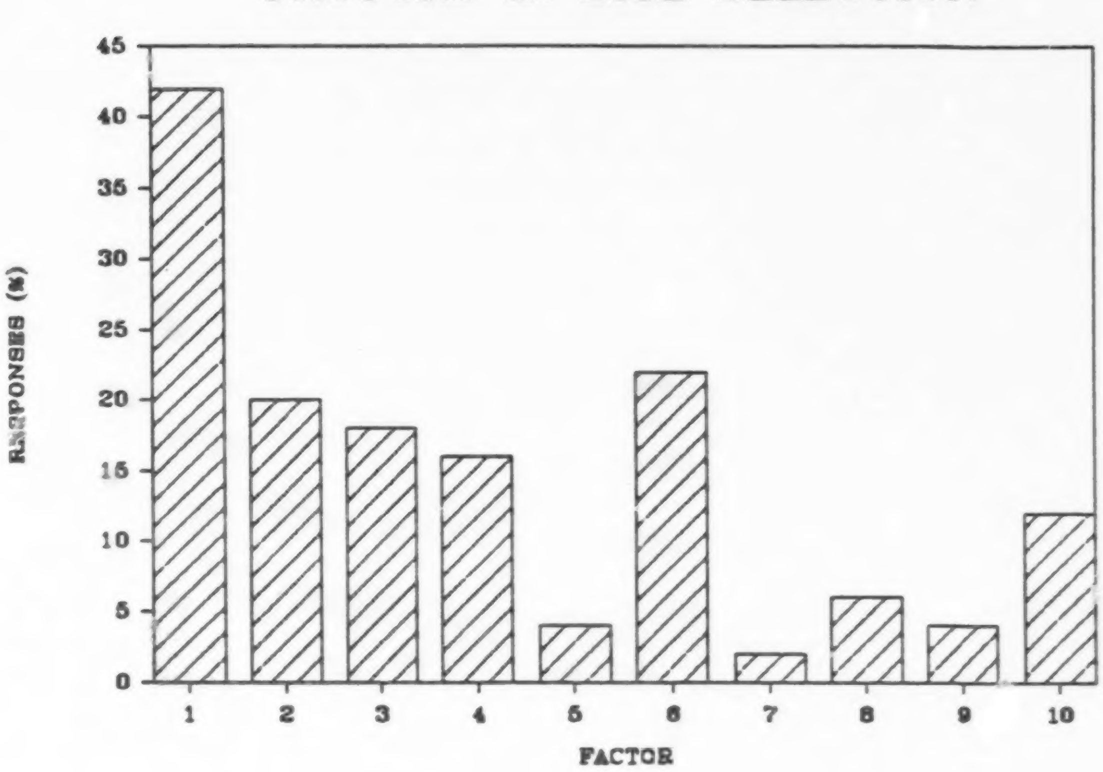
The size of industry varies widely. The major facility occupiers such as Belkin Paperboard and Colgate-Palmolive account for 36% of the total space. Both companies have been at their present locations for a very long time. Key personnel indicated that the reasons for locating there initially do not necessarily hold true today. However, the extent of the capital investment in these facilities and the high cost of moving to premises which meet their present criteria, has deterred many large manufacturers from relocating outside of the area.

### (iv) Factors Influencing Location

This analysis included a survey of 50 firms in the Carlaw/Logan Submarket. The survey was conducted by telephone during the first two weeks of February 1985. The firms surveyed accounted for approximately 4,500 employees and 3,500,000 square feet of the total of 5,000,000 square feet million in the submarket (refer to Appendix D).

The factor most frequently indicated as the major location determinant was accessibility to highways. However, over 65% of the firms surveyed mentioned this factor in conjunction with at least one additional factor which varied from industry to industry (refer to Exhibit 12).

EXHIBIT 12 CARLAW/LOGAN SUBMARKET



1. Accessibility to Highways
2. Proximity to Downtown
3. Labour Supply
4. Public Transportation
5. Proximity to Customers
6. Other
7. Availability of Property
8. Taxes
9. Proximity to Suppliers
10. Water

Proximity to downtown ranked as the second most frequently mentioned factor in locational decisions for this area. Firms such as couriers which require extra land for parking also need to be located close to their downtown markets, and therefore, have located in this area. Printing related industries in this area, such as typesetters, lithographers and bookbinders, would prefer to locate close to downtown but do not want to incur the substantial "core" rental.

The availability of labour ranked high as a factor affecting location decisions. This is not surprising in light of the large number of typically labour intensive industries in this area such as footwear and clothing manufacturers, and lighting manufacturers. Where labour was considered a key factor, the availability of public transportation played an important role.

Proximity to customers, suppliers and like industries does not appear to play as important a role for the types of firms in the Carlaw/Logan area as it clearly did in the King/Spadina Area. In addition, proximity of the water for production and shipping purposes was mentioned by only one firm as the underlying reason for selecting this location (refer to Exhibit 12). See Table B.

Even for the companies not anticipating a change in location, a substantial number of major users and employers commented that if they were to relocate, they would move out of the City. Some industries felt the land was too expensive for industrial use. The lack of expansion room and/or the high cost of land from a purchase or rental standpoint prohibited some existing industry from contemplating staying in this area.

Although highway access was considered a major determining factor for many firms locating in this area, the capacity of the existing road network at peak periods is beginning to receive some criticism. Comments were frequently made that the congestion on the Don Valley Parkway particularly, caused employees and trucks to spend too much time in traffic. The congestion would cause some firms to look outside the City and not at the proposed Outer Harbour Business Park if and when a move is contemplated.

An analysis of whether or not existing firms would consider the proposed Outer Harbour Business Park for relocation or expansion plans revealed that 60% of the firms surveyed responded negatively while 40% said they would consider this as a possible location alternative. Generally speaking, the firms that would utilize the proposed business park would be those firms currently located in the area with fairly substantial investments in their properties. If expansion was required and could not be accommodated by the present facilities or on adjoining properties, firms would consider the proposed Outer Harbour Business Park as a viable alternative.

An important conclusion drawn from this survey is that if adequate space for "off site" expansion is not available in the immediate area, these capital intensive firms may be required to relocate outside the City of Toronto.

One firm in the entertainment field indicated this area satisfied their requirments for proximity to the theatres, downtown and customers. Publishers, typesetters and photo labs also expressed positive interest in the development of the proposed Outer Harbour Business Park.

## 4.4 East York Submarket

The East York submarket includes three relatively well defined industrial areas, namely Leaside, Thorncliffe Park and the Bermondsey-O'Connor area.

Leaside Industrial Park is situated north of the C.P. railway lines, east of Laird Avenue and south of Eglinton Avenue. This Park is well segregated from the surrounding residential development.

Thorncliffe Park is situated north of Overlea Boulevard, south of the C.P. railway lines, with Millwood Road representing the southerly border. This Park includes medium to light industrial users and low density office users.

Bermondsey-O'Connor Area is situated west of O'Connor Drive, north of St. Clair Avenue, and south of Eglinton Avenue. This area is characterized by medium to large manufacturers in single storey facilities. The lower ceiling heights in this area reflect the age of the facilities most of which were built in the early 1960's.

### (i) Types of Users

Leaside is one of the oldest industrial areas in Metro Toronto, contrasting with the Thorncliffe Park and Bermondsey-O'Connor areas which were planned during the late 1950's as low density, prestigious industrial developments attracting modern firms. The over-all East York industrial market is a mature, developed area consisting of mainly older, well established traditional industrial users that reflect a mix of manufacturing, distribution, and warehousing facilities spread over a number of industrial groups.

Leaside, which grew during the First World War from industries involved in the war effort, continued to flourish during the Second World War and became the home for major industries such as Canada Wire and Cable, D.R.G. Packaging, Bristol Myers, Philips, Corning, and many others.

The Thorncliffe Park and the Bermondsey-O'Connor area evolved during the 1960's and attracted light to medium metal fabricators, food and beverage manufacturers, publishing and firms related to paper manufacturing and distribution.

### (ii) Market Summary

The total industrial inventory in East York is over 9 million square feet. Currently there is 750,000 square feet of vacant space, representing a vacancy rate of approximately 8%. This includes two large buildings in the Bermondsey-O'Connor district representing 250,000 square feet of space, both of which have been on the market for over a year. These vacancies reflect the fact that larger space in this area has slower market absorbtion rates than does smaller space which has much broader market appeal. In addition, these two large buildings do not lend themselves to conversion into smaller units.

Space in the 5,000 - 20,000 square foot range is commanding a rental rate of $2.60 - $4.00 per square foot. Space in larger quantities is renting in the $2.30 - $2.90 per square foot range. ( See Exhibit 13). Taxes in this area range from $1.00 to $1.15 per square foot for facilities of relatively good quality.

Currently, the average asking price for buildings is approximately $22.00 per square foot. Market transactions, such as the sale of the

EXHIBIT 13

## SUMMARY OF AVAILABLE INDUSTRIAL BUILDINGS
## IN EAST YORK
## OVER 20,000 SQUARE FEET

| LOCATION | LAND AREA (ACRES) | BLDG. SIZE (SQ.FT.) | OFFERING PRICE | COMMENTS |
|---|---|---|---|---|
| 70 Overlea Blvd. | 1.2 | 23,000 | $1,300,000 (sale)<br>$6.00/sq.ft. | Advertising type studio |
| 955 Eglinton Ave. | n/a | 27,000 | $3.50/sq.ft. (rental) | Old Philco Ford space |
| 120 Vanderhoof Ave. | n/a | 29,865 | $1.95/sq.ft. (rental) | |
| 211 Laird Drive | 0.6 | 31,900 | $1,100,000 (sale)<br>$5.00/sq.ft. | Includes retail space |
| 73 Laird Drive | n/a | 61,000 | $2.00/sq.ft. (rental) | Multi-level building |
| 33 Cranfield Ave. | 2.2 | 70,000 | $1,300,000 (sale) | |
| 25 Waterman Ave. | 5.6 | 125,700 | $1,950,000 (sale)<br>$2.00/sq.ft. | Low ceiling |
| 25 Curity Ave. | 3.2 | 128,000 | $1,990,000 (sale)<br>$1.95/sq.ft. (rental) | Low ceiling |

D.R.G. building on Laird Drive and the Crush building on O'Connor Drive at prices between $10.00 to $12.00 per square foot, reflect the significant discount given to multi-storey buildings. This discount is similar to the discount found in the Carlaw/Logan area.

In this mature market, industries have generally been in place for a considerable time. There is very little vacant land for any form of expansion, and consequently new development has been limited to a few projects within the recent past. The Friedman Group, for example, added approximately 260,000 square feet of space in 1981 which was absorbed quickly, providing overflow warehouse space to industries in the area, i.e. Alcan, Dhalstrom, and Lever Brothers. There has been little activity in the East York market in terms of adding new space. On the other hand, re-development and renovation has been strong as many of the more capital intensive industries in the area have not been able to economically justify re-location. Canada Wire and Cable completed a renovation program in late 1982 estimated to cost in excess of $40 million. Tremco also recently added 80,000 square feet to their existing facility on Wicksteed Avenue.

Users who are not particularly attracted to this area are the distributors and warehousers with a regional or national mandate. This is a result of factors such as lack of expansion potential, low ceiling heights, and inferior shipping/receiving facilities. Firms that have moved out of the area include Crush Canada which moved to Don Mills because its business contracted and suitable space in East

York was not available. This typifies a situation where a firm's real estate needs change, and due to the limited supply of adequate space in the immediate area, they have had to look elsewhere to satisfy their needs.

Research in this submarket revealed that approximately one half of the firms owned their current facility. Further, approximately 70% of manufacturing firms had occupied their premises for over 25 years reflecting the mature nature of this industrial area. Wholesaler/distributors recorded a 40% ownership rate but only 10% of this group has been located in their facility for over 25 years.

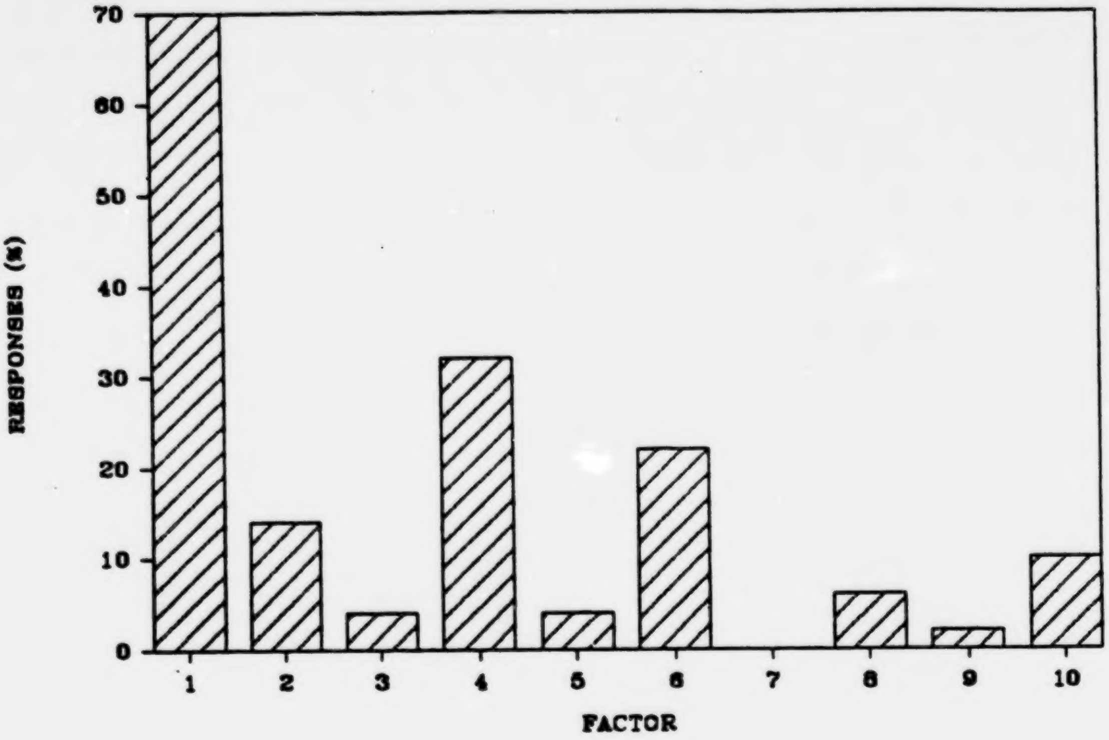
### (iii) Factors Influencing Location

The analysis of the East York submarket included a survey of fifty of the 450 firms located in the area. The survey was conducted by telephone during the first two weeks of February 1985. (refer to Appendix D)

Accessibility to highways proved to be the most frequently cited reason for locating in this area. However, for over 40% of the firms surveyed, accessibility to highways was not the only consideration taken into account. Other factors had a role in determining their location (refer to Exhibit 14).

EXHIBIT 14 EAST YORK SUBMARKET

## FACTORS IN SITE SELECTION



1. Accessbiility to Highways
2. Labour Supply
3. Public Transportation
4. Proximity to Customers
5. Proximity to Suppliers
6. Proximity to Downtown
7. Water
8. Availability of Property
9. Taxes
10. Other

Proximity to customers played an important role in the location decision. One third of the respondants mentioned it and it ranked second in terms of frequency of response. This factor was particularly important among service oriented firms.

Proximity to downtown ranked third in locational decisions for this area. A considerable number of service oriented firms requiring access to downtown markets have located in this area and are responsible for the relatively high ranking of this factor.

Only 14% of the firms identified labour supply as a determining factor, notwithstanding the fact that the area is occupied by several firms who are major employers. Firms identifying the labour supply as a major factor generally had a manufacturing orientation.

For 6% of the firms surveyed, water was identifed as a factor in production. Four percent of the firms surveyed felt the Port would offer benefits as an import/export facility.

In general, while most firms identified expressways as a major factor, 12% of the group surveyed replied that they were not sensitive to any one factor. In addition, approximately 20% of firms surveyed identified the obvious benefit of this area's location by commenting that their site was "a good location at the time" (it was acquired) relative to the per acre purchase price.

Virtually all the firms surveyed had no interest in locating in the proposed Outer Harbour Business Park. Only 6% of the surveyed group expressed a mild interest in locating there.

It appears the only elements of this market which may provide opportunities to the proposed Harbour Business Park will stem from major capital intensive firms wanting off site expansion and the service related industries.

### 4.5 Woodbine Steeles Submarket

#### (i) General Overview

This submarket extends from Steeles Avenue in the south to 14th Avenue in the north, and from Highway 404 in the west and to Warden Avenue in the east. The following discussion of this submarket relies upon a survey conducted in 1984, (which is enclosed with the summarized findings in the Appendix A) and Coldwell Banker's ongoing research and activity in this submarket. This submarket was not surveyed specifically for this study and as a result, no specific reference can be made to the level of interest of users within this submarket relative to the proposed Outer Harbour Business Park.

The area's character differs significantly from the other areas considered in this report. Most notable is that the area is much newer and currently more active than the other submarkets considered.

The industrial area north of Steeles emerged with the availability of relatively inexpensive land, the congestion of central areas, and the new accessibility afforded by the extension of the Don Valley Parkway. Consequently, industry located in the inner areas of Toronto were offered an attractive alternative to their original locations and the improved transportation as well as reduced labour requirements assisted in the decentralization.

### (ii) Market Summary

Recent activity in the Woodbine/Steeles area - the most active market in the Metropolitan Toronto area - can at least partially be accounted for by the industrial decentralization trend. The area is characterized by a wide variety of light to medium manufacturers and by an absence of heavy "smoke stack" industry such as refineries and steel mills. The industries are generally capital intensive (40%) in contrast to the labour intensive industries of East York and Carlaw/Logan and King/Spadina.

The relocation to Woodbine/Steeles of high profile firms such as IBM, Apple Computer, A.C. Nielson, and Motorola has given the area its a "high tech" image and it is the high quality overall environment of the area that allows these manufacturers, "high tech" firms, data processing firms, warehousers and distributors, electronics, pharmaceutical and computer firms, to co-exist harmoniously.

Currently, the Woodbine/Steeles area has an inventory of approximately 7 million square feet. Currently the vacancy rate is less than 2%. As demand exceeds supply, rental rates are being driven up. In a standard industrial building (10% office) rental rates are approximately $3.75 to $4.00 per square foot. For buildings over 20,000 square feet, rental rates are approximately $3.50 per square foot. In "high tech" buildings with 50% or more office space, rental rates of $5.00 to $8.00 per square foot are not uncommon. Vacancies are rarely on the market for an extended period.

Demand for accommodation in the area also comes from those firms exploring the design/build option. Woodbine/Steeles currently offers the only major tracts of land along the Don Valley corridor available for companies which seek a plant designed to their specifications. Activity in design/build projects is significant.

Industrial land prices range from $200,000 to $350,000 an acre and realty taxes are approximately $0.50 per square foot. At present, there is no shortage of land in the area; the supply is more than adequate to satisfy all market requirements.

It is clear from the low vacancy rate, relatively high rental rates and level of present activity that the Woodbine/Steeles area is most attractive to business space users. The submarket provides flexibility, direct access to customers and suppliers via the Don Valley corridor, and a very pleasant work environment.

As indicated earlier, this submarket was surveyed in 1984. The survey and research carried on at that time revealed several major factors which have implications for the proposed Outer Harbour Business Park.

The major shortcoming of the area cited by survey respondents was poor public transit. The lack of public transit in the submarket has caused several firms reliant on labour utilizing public transit to relocate back within Metro to improve labour access to work.

The results also indicated that close to 75% of the firms surveyed rented their facilities. The considerably higher proportion of renters is largely a result of the young age of the area and the large number of rental facilities developed by speculative developers. Currently, it is estimated that the Woodbine/Steeles submarket contains in excess of 40% of the multiple tenant space along the Don Valley Corridor. Further, approximately another 40% of the rental multiple stock is situated between Highway 401 and Steeles Avenue. The concentration of this type of space in the northern submarkets combined with the shortage of similar facilities in the southerly submarkets, has forced many smaller to midsize firms looking for rental space to move north along the Don Valley Parkway in search of rental space because suitable facilities do not exist in the central area.

As a result of the shortage of small to midsize contemporary facilities in the inner area and the poor public transit facilities in the Woodbine/Steeles submarket it is likely that the provision of competitive rental space in the proposed Outer Harbour Business Park could be attractive to firms in the Woodbine/Steeles area who are labour intensive or have a requirement to be closer to downtown Toronto.

## SECTION 5 - SECTORAL ANALYSIS OF MARINE AND MARINE RELATED INDUSTRIES

### 5.1 Introduction

Because the proposed Outer Harbour Business Park is situated immediately adjacent to the outer harbour and a 1200 boat marina proposed by the Toronto Harbour Commission, it was felt appropriate to examine more closely the marine and marine related industries in order to establish the nature and character of this potential market. In order to establish the overall size and scope of this industry group the analysis relies upon the following sources: the Bell Telephone Yellow Pages Directory; the 1985 Scott's Industrial Directory; the retail directory index prepared by Routing Services; and the Coldwell Banker Prospect Data Base.

All firms were cross-referenced and contacted to determine their major business. Many of the firms contacted were producers of marine related products, but largely as a sideline to other businesses. Also, many firms within the marine sector were involved in more than one marine related function or service. However, the analysis only considers firms whose major business is marine or marine related and classifies these firms according to their major business as reported by the firm.

## 5.2 Sector Analysis

In total the study examined 91 marine and marine related firms in the Greater Toronto Area. The 91 firms were classified under the following categories:

1. Boat Manufacturers
2. Boat Repair Companies
3. Sail Makers and Distributors
4. Marine Services and Retailers.

All 91 firms were mapped relative to major waterways to indicate the importance of proximity to a marina or waterway for these industry types.

Boat manufacturers were widely scattered and do not appear to require linkage to water or marina facilities. Similarly sailmakers showed no concentration or particular ties to marinas. However, boat repair firms and retailers did indicate a very strong linkage with marinas and either require or prefer close proximity to water. Boat repair operations must be immediately adjacent to water and receive significant business benefits from proximity to a major marina. Most boat repair operations are also involved in boat manufacturing, sales, brokerage and sales of related products. Marine services and retail outlets have a clear preference for proximity to water, although they indicated it was not critical. A location adjacent to the proposed marina is perceived generally as a major benefit to these users.

In addition to mapping locations of the marine industries, a survey (refer to the Appendix E) was conducted of this sector by telephone and in person during the third week of May, 1985. The distribution of the surveys among the various marine industrial groups was as follows:

| | SURVEYS | TOTAL UNIVERSE |
|---|---|---|
| 1. Boat Manufacturers | 13 | 29 |
| 2. Boat Repair | 4 | 5 |
| 3. Sail Makers | 8 | 12 |
| 4. Marine Services and Retailers | 16 | 45 |
| | 41 | 91 |

### 5.3 Survey Results

The results of the survey were as follows:

#### (i) Boat Manufacturers

The companies contacted showed no preference for a location with water proximity. At present they are widely scattered throughout the

Greater Toronto Area. The average size of the facilities required by the Boat Manufacturers was 10,000 to 20,000 square feet. The need for outside storage space of similar size was also emphasized. Those surveyed expressed little interest in relocating or expanding to an industrial development situated in the proposed Outer Harbour Business Park.

### (ii) Boat Repair Companies

The boat repair companies were mainly located adjacent to or in close proximity to marinas (such as Port Credit or the Toronto Harbour), and the majority emphasized the necessity of water access for their business. The average size of the facilities required by these firms was 10,000 square feet. All required considerable land adjacent to their building for outside storage and repair work. In several instances, firms indicated a need for 2 - 3 acres of adjacent land.

The boat repair companies surveyed also noted the need for 20 - 25 feet clearance in any building, with a 16 - 18 foot wide door, cement floors and good insulation.

The companies surveyed were clearly enthusiastic about the possibilities of such a marina development, and there seems to be little doubt that such a marina would attract boat repair companies to the proposed Outer Harbour Business Park.

### (iii)) Sailmakers

The majority of sailmakers are currently located in downtown Toronto, not because of its proximity to the waterfront but rather to take advantage of older properties with lower rent and specific building features. The companies surveyed averaged 10,000 square feet in building size and had unique requirements concerning their facilities. They need wood floors, considerable clear span, and high ceilings. Another aspect is the need for either a pit or raised tables for their sewing machines, as the sails must be level with the machines.

The sailmakers contacted were not interested in relocating near a marina development, such as that proposed for the Outer Harbour Business Park, but several expressed interest in the possibility of a retail outlet for their products.

### (iv) Marine Services and Retail Outlets

The companies involved in marine services or marine retailing were located throughout Greater Toronto, although they appear to have a preference for proximity to water. There was an enthusiastic response to the idea of a 1200 slip marina development, with an overwhelming majority of those surveyed noting their willingness to establish an outlet near such a development.

## 5.4 Conclusions

The results of this survey show that of the four categories of marine industries examined, the two industrial types which would benefit and likely participate in the Outer Harbour Business Park development are the Boat Repair Companies and the Marine Service Companies and Retailers. However, it is unlikely that firms from either marine group would be interested in locating in the development prior to the marina being constructed and in operation.

Another important aspect with respect to the Boat Repair and Marine Services groups is that these firms usually receive some degree of exclusivity in the operation of a marina. As a result, it is unlikely that the project could support more than two firms from each category.

Firms involved in the retailing of marine related products generally occupy from 1500 to 4000 square feet each in a multiple unit commercial building.

## SECTION 6 - PLANNING AND DEVELOPMENT CONTEXT

### 6.1 Physical Paramaters

#### (i) Location

- The proposed Outer Harbour Business Park is bounded on the east by Leslie Street, on the south by the Outer Harbour and Outer Harbour Headland, on the west by the circulating channel and Hearn generating station and on the north by the Leslie Street Slip.

- Accessibility to downtown Toronto is excellent via Leslie Street, Lakeshore Road and the Gardiner Expressway. The Toronto core is within five minutes driving time (3.5 km) and access to the north is good via the Don Valley Parkway.

- The site is adjacent to, but also somewhat isolated from, the balance of the Port Industrial Area.

- The lands are located adjacent to the developing Aquatic Park on the Leslie Street Spit as well as a 1,200 boat marina proposed for the Outer Harbour. As such, the site enjoys certain unique locational attributes, including harbour/water access which should be recognized in any development strategy.

- Rail service is available.

- A significant pool of labour is located in close proximity to the site.

(ii) Physical Characteristics and Existing Use

- The lands were created over the period 1959 to 1964 through lake filling using excavated material from construction projects in Toronto.

- Topographic relief is minimal with total elevation differences (with the exception of several small localized fill mounds) of ± 1 metre across the site with the lands sloping very slightly from east to west.

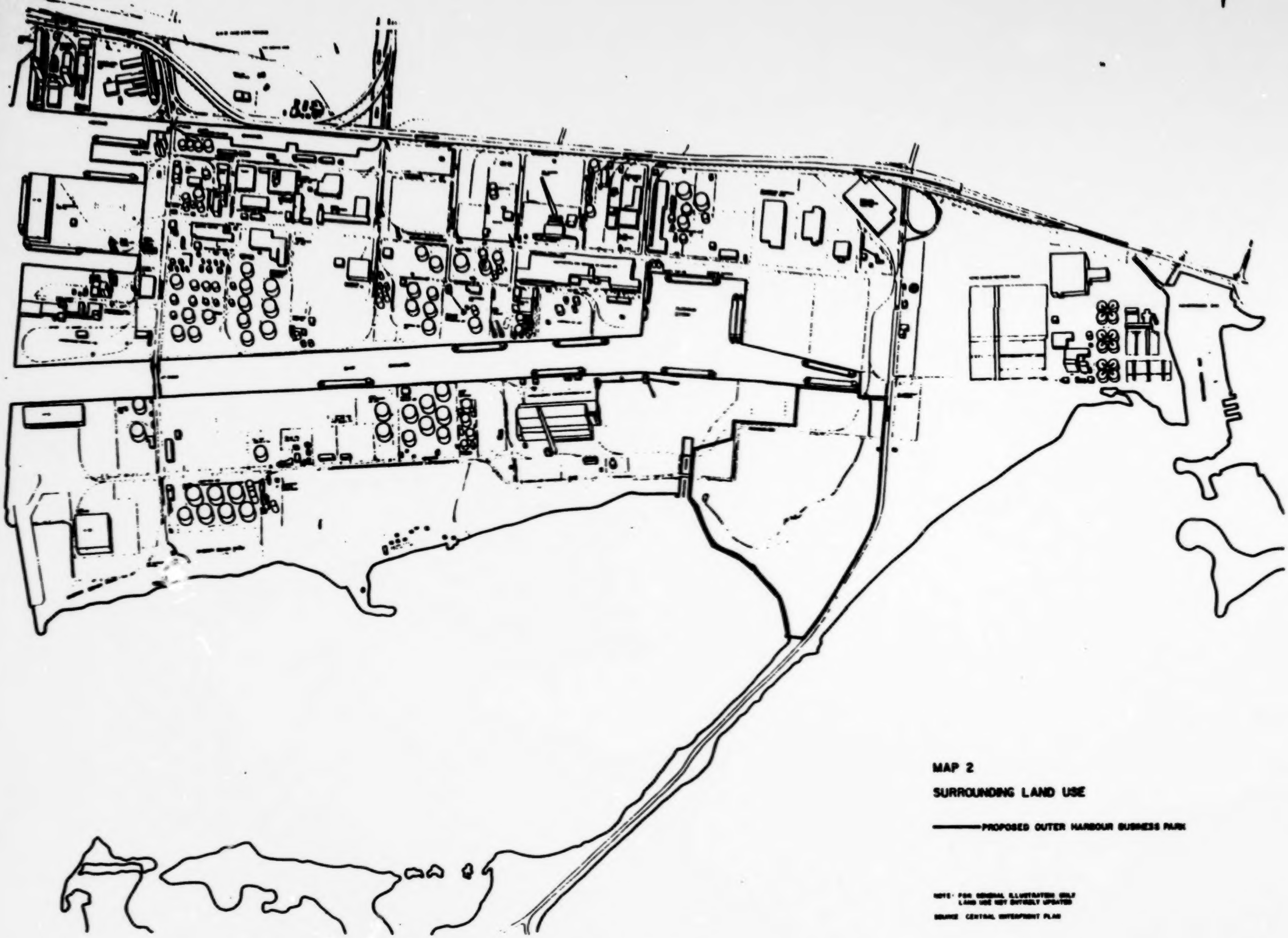
- Vegetation is limited to various grasses and small trees/shrubs scattered throughout the site and along the shoreline of the Outer Harbour.

- The site is presently vacant except for a private service raod which links Leslie Street to Unwin Avenue (at the circulating channel) and a small building used to control access to the Outer Harbour Headland at the intersection of the service road and Leslie Street. In addition, there is a bicycle trail through the central portion of the property and a railway spur line generally paralleling the north side of the service road.

### (iii) Surrounding Land Uses

- In general terms, other land uses in the Port Industrial District are characterized as heavy industrial, port related and storage uses. Typical current uses include oil storage and distribution, bulk materials storage, metal recycling and warehousing. At present, the nature of the uses in the area contribute to a somewhat negative perception of the area as an attractive location for a high quality light industrial park.

- Immediately adjacent land uses include the "mothballed" Hearn Generating Station and coal storage to the west, metal recycling to the north across the Leslie Street Slip, the main Metro Sewage Treatment Plan to the north-east, Conservation Authority lands to the east and the developing Outer Harbour Headland/Aquatic Park to the south.



PROPOSED OUTER HARBOUR BUSINESS PARK

MAP 2

SURROUNDING LAND USE

NOTE: FOR GENERAL ILLUSTRATION ONLY
LAND USE NOT ENTIRELY UPDATED

SOURCE: CENTRAL WATERFRONT PLAN

- Other existing land uses along Leslie Street between the site and Lakeshore Boulevard include allottment gardens, a Metro Works yard, vacant land, a concrete plant, a Brewer's Warehousing distribution centre and a marine repair establishment ( Lackie's Marine).

- Future adjacent land uses under consideration at this time include the conversion of the Hearn Generating Station to an "energy from waste plant" and the development of a ± 1,200 slip marina at the eastern end of the Outer Harbour immediately adjacent to the proposed business park.

### (iv) Soils and Foundation Conditions

- Soils over most of the site consist of ± 31 feet of heterogeneous fill consisting of clayey to sandy silt, to sand with some gravel and construction debris. This material overlays 30-40 feet of medium to very dense, medium to fine sands, which overlay stratified soft shale.

- A recent report (Environment Canada/MOE 1982) indicates that the fill may contain somewhat higher than normal levels of chromium, mercury, lead, nickel, copper, zinc and arsenic due to its placement prior to more stringent restrictions on lakefill material being imposed in 1975.

- Little or no topsoil is available on the site.

- In 1980, foundation premiums in this area were estimated at between \$3.82 and \$5.20 per square foot of building area. More recent work completed by Proctor & Redfern Limited indicates that this premium may be somewhat high. For a one-storey building with spread footings, a two-storey building with a raft foundation or a three to six-storey building on pile foundation, it is now estimated that the foundation premium will range between \$1.70 and \$2.25 per square foot or approximately 4.0% of the total cost of a building with an average construction cost of \$45/square foot. (See Appendix F for details of the analysis).

(v) Environment

- The Metro sewage treatment plant outfall and overflows are both situated to the east of the proposed business park. Odours from the sewage treatment plant have been considerably reduced in more recent time as a result of increased control at the plant.

- The coal piles associated with the Hearn Generating Station have recently been removed following the "mothballing" of the station. This should serve to reduce potential sources of airborne particulates in the area. Potential future uses of this plant (e.g. energy from waste facility) will need to be carefully reviewed to ensure that there are no negative impacts on the business park.

- Development of the Outer Harbour Business Park as a light industrial park, subject to normal controls, is not expected to have any detrimental impact on the local environment. Rather, consideration will have to be given to ensuring that the local natural environment does not negatively impact on the business park.

### (vi) Transporation and Access

- "External" roads comprising the Gardiner Expressway, Lakeshore Boulevard, Don Valley Parkway, Carlaw Avenue and Leslie Street provide good accessibility to the Port Industrial Area generally and the subject site specifically.

- "Internal" roads, including Leslie Street, Don Roadway, Cherry Street, Commissioners Street and Unwin Avenue provide links to the external road network and provide for internal traffic circulation. Development of the Outer Harbour Business Park will require some relatively minor improvements in the capacity and design standards of these roads.

- Detailed descriptions of the existing transportation facilities are as follows:

Gardiner Expressway

A four to six-lane expressway under the jurisdiction of Metropolitan Toronto, it presently terminates at Leslie Street. There is a ramp connection to the westbound Gardiner from Leslie Street as well as a ramp connection to Leslie Street from the eastbound Gardiner. The expressway can therefore provide ready access to the proposed business park, via Leslie Street.

## Lakeshore Boulevard

A six-lane Metropolitan arterial road, it is an important east-west access corridor to the study area. Access from Lakeshore Boulevard East and West is available via either Leslie Street or Cherry Street.

## Leslie Street

A four-lane, north-south roadway under the jurisdiction of the City of Toronto, it is designated as an arterial road north of the ramp from the Gardiner Expressway and a collector south of the ramp. It is anticipated that Leslie Street will become the primary entrance route to the proposed business park. Leslie Street presently carries approximately 3,500 vehicles per day on an average weekday at a point just north of Commissioners Street. Much of the traffic is industrial truck traffic, including trucks bringing fill to the headland.

### Commissioners Street

A four-lane arterial road under the jurisdiction of the City of Toronto, it is the main east-west road in the Port area north of the Ship Channel. For the business park, it will function to distribute traffic to and from the west.

### Unwin Avenue

A local two-lane road under the City's jurisdiction, it is the only east-west road in the Port area south of the Ship Channel. Unwin Avenue will provide a secondary access route to the proposed business park by distributing traffic west to Cherry Street. However, the present road is sub-standard in terms of alignment and pavement conditions. In addition, the Unwin Avenue connection to Leslie Street is only a service road for the Hearn Generating Station.

It will therefore have to be reconstructed and properly connected at both ends to Unwin Avenue and Leslie Street. The existing one-lane bridge at the circulating channel will have to be replaced to make Unwin Avenue a viable access road to or from the proposed business park.

### Cherry Street

A four-lane, north-south arterial road under the jurisdiction of the City of Toronto, it is the main access road to the westerly portion of the port area. Cherry Street combined with Unwin Avenue or Commissioners Street will provide secondary access route from the west to the industrial park.

### Don Roadway

As a four-lane, north-south City collector road south of Lakeshore Boulevard, it provides a direct connection to the Don Valley Parkway. For traffic destined to the business park from the Don Valley Parkway, the access route will be direct via the Don Roadway and Commissioners Street to Leslie Street.

### Public Transit

o The Port area is presently served by two TTC bus routes, both of which service only the area north of the Leslie Street Slip.

TTC route 72A, the Pape Avenue bus, operates on

Commissioners Street between Cherry Street and Pape Avenue with a direct connection to the Bloor-Danforth Subway at the Pape Station. It provides all day service at 24 minute intervals and peak period service at 12 minute intervals.

The Jones Avenue bus, TTC Route 8C, enters the Port area at Leslie Street and terminates at a bus loop on Commissioners Street, just west of Leslie Street. Connecting directly to the Donlands Station on the Bloor-Danforth Subway, the route has all day service at 24 to 30 minute intervals and peak period service with 16 minute headways.

Generally, TTC service to the Port area is relatively poor in comparison with the rest of the City of Toronto. Moreover, existing bus routes are well beyond normally acceptable walking distance to the proposed business park.

One option to for improving TTC service to the business park would be the rerouting of the present Route 8C bus loop from Commissioners Street to Unwin Avenue, thereby providing a bus route within the proposed development. At the same time, it would be desirable to increase the frequency of buses on this route.

Another option would be to institute a shuttle bus service, as noted by the Task Force. The shuttle could pick up passengers in the business park area and drop them off at either Union Station or the Bloor-Danforth Subway. The purpose of the shuttle bus would be to establish an attractive public transit service to the business park, increase the overall accessibility of the park and reduce the traffic impact and parking requirements of the development. The economic feasibility and potential ridership for such a service should be reviewed at a later stage.

In terms of possible rapid transit service, the ongoing Downtown Rapid Transit Study recommended that a rapid transit line connecting the Bloor-Danforth Subway with Union Station be constructed along Pape and Eastern Avenues. This recommendation has been incorporated in the "Metro 2011" report. Metropolitan Toronto Council probably will be considering this report within the next few months.

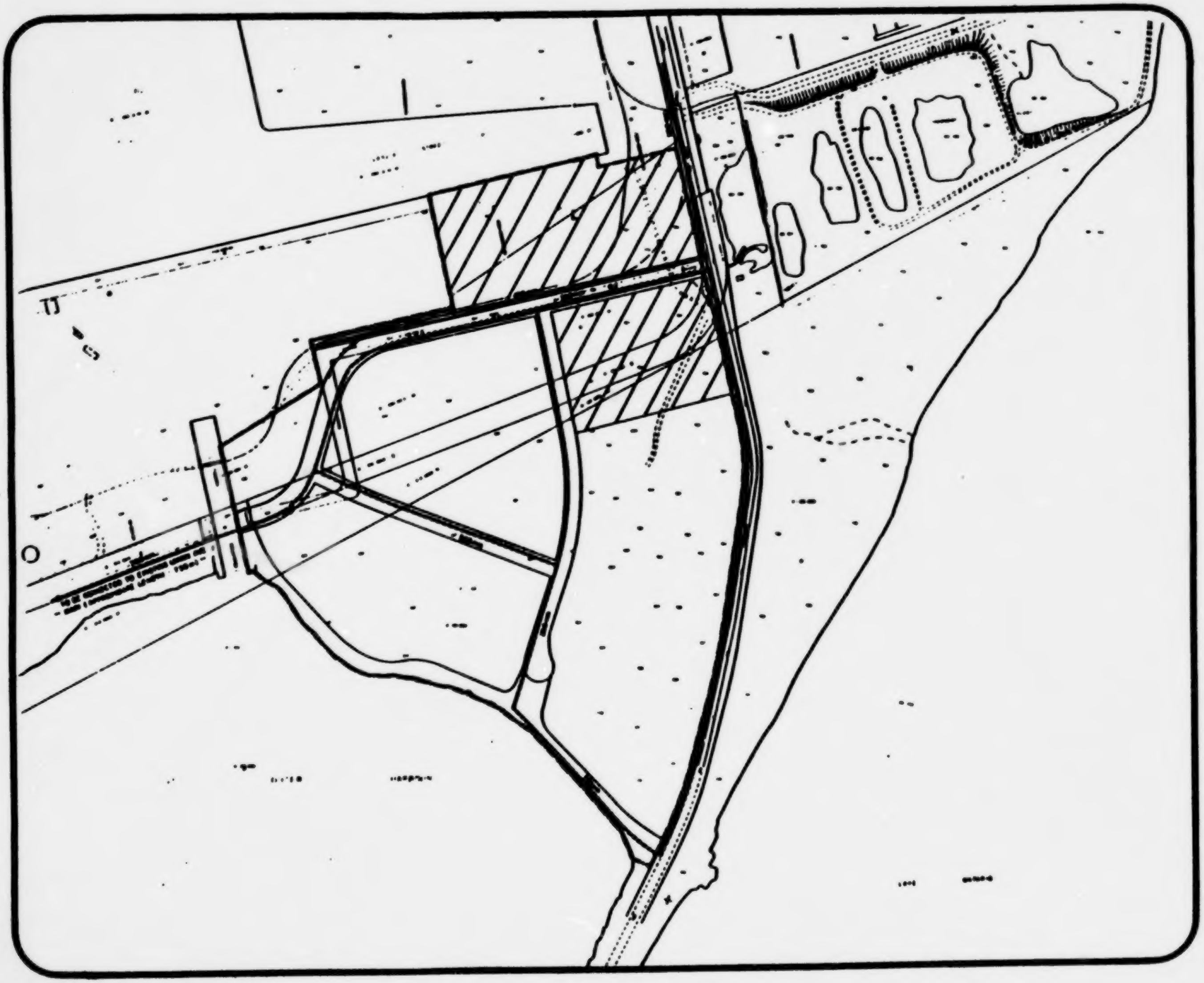
A Pape/Eastern Avenue rapid transit line with a potential station at Queen Street would improve the transit accessibility of the project. It is expected that local TTC bus routes would be reoriented to fit the new Downtown Rapid Transit line. It should be noted, however, that the timing of construction is uncertain and unlikely to occur until at least 1992. Therefore, the proximity of rapid transit lines may not represent a significant market advantage of the project in the short term.

### vii) Site Services

Existing site services are shown on Maps 3, 4 and 5.

Watermains - (Map 3)

- Existing watermains in the area consist of the following:
  - A 300 mm dia. service on Leslie Street south to its intersection with the private service road.
  - A 150 mm dia. privately owned (Ontario Hydro) service from Leslie Street west along the north side of the private service road to the Hearn Generating Station. This watermain is not available for use by the business park development.



EXISTING AND PROPOSED
WATER SUPPLY

- EXISTING WATERMAINS
- PROPOSED WATERMAINS
- PROPOSED PHASE I WATERMAINS
- ▨ PHASE I BOUNDARY

# OUTER HARBOUR BUSINESS PARK

SCALE

Proctor & Redfern Limited

45 Green Belt Drive

MAP 3

- A 300 mm dia. service on Unwin Avenue to a point approximately 750 m west of the circulating channel and at the west side of the Hearn Generating Station.

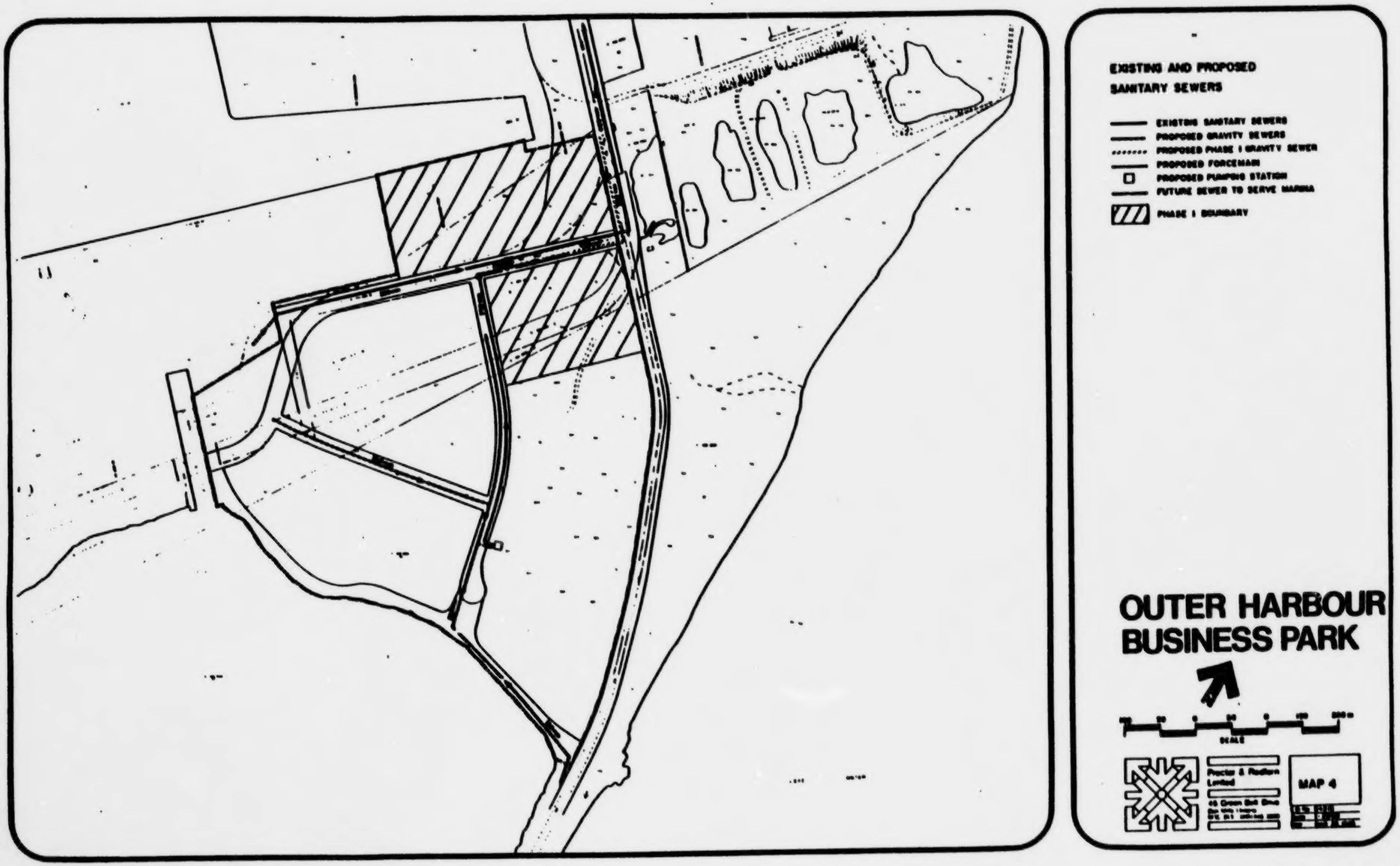
Sanitary Sewers - (Map 4)

o Existing sanitary sewers in the area consist of the following:

  - A 300 mm dia. gravity sewer on Leslie Street to its junction with the service road. This connects to a 600 mm trunk sewer approximately 100 metres north of the intersection.

  - A 300 mm dia. gravity sewer along the service road to the Hearn Generating Station. This sewer is not available for use by the proposed business park since it is shallow in depth and insufficient in size for more than the Generating Station.

o The City of Toronto (Engineering Department) has indicated that lands west of the circulating channel will be serviced with sanitary services in a westerly direction, independent of the proposed Outer Harbour Business Park.


EXISTING AND PROPOSED
SANITARY SEWERS
EXISTING SANITARY SEWERS
PROPOSED GRAVITY SEWERS
PROPOSED PHASE I GRAVITY SEWER
PROPOSED FORCEMAIN
PROPOSED PUMPING STATION
FUTURE SEWER TO SERVE MARINA
PHASE I BOUNDARY
SCALE
Proctor & Redfern Limited
45 Green Belt Drive
Don Mills Ontario

OUTER HARBOUR BUSINESS PARK

MAP 4

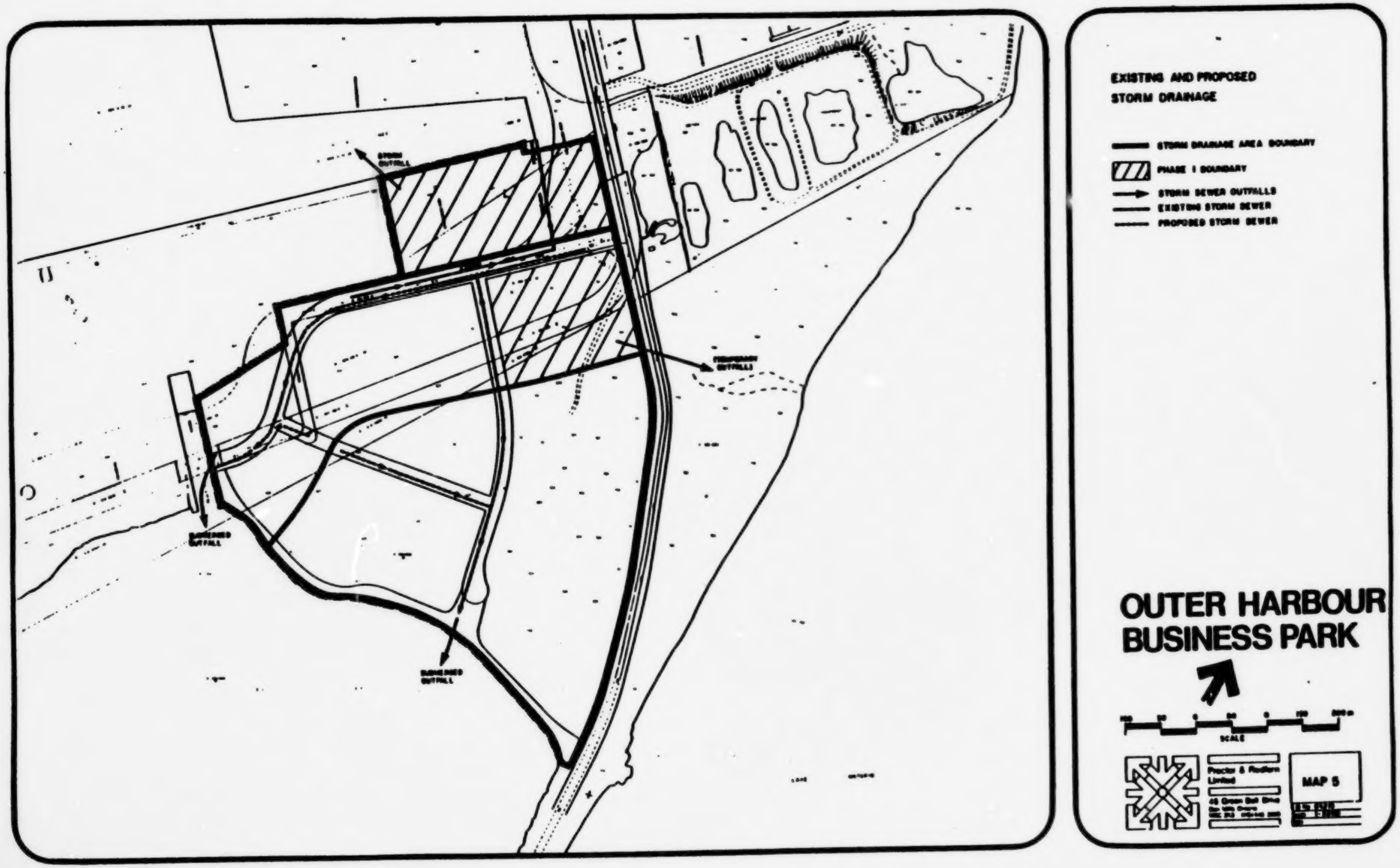
Storm Drainage - (Map 5)

- The present private service road has no curb and gutter. However, it drains by a 250 mm and short length of 600 and 750 mm storm sewer outletting to the east end of the Leslie Street Slip.
- Leslie Street is a full curb and gutter urban section roadway, but the 450 mm storm sewer on Leslie Street does not extend any further south than the entrance to the sewage treatment plant.

## 6.2 Public Policy and Zoning

### (i) Central Waterfront Plan

The Central Waterfront Plan; Final Recommendations adopted by the City of Toronto in 1984 provide, in part, the basic policy guidelines and objectives for development of the entire waterfront area including the Outer Harbour Business Park. The Port Industrial District is recognized as one of the City's chief industrial areas. It has been used in the past for heavy industry and shipping related uses, but is now taking on a wider role in accommodating general and light industrial use. The Plan encourages the maintenance and improvement of the area for industrial and shipping uses and also encourages the establishment or relocation of high employment industries.


STORM OUTFALL
TEMPORARY OUTFALL
SUBMERGED OUTFALL
SUBMERGED OUTFALL
LAKE ONTARIO
STORM DRAINAGE AREA BOUNDARY
PHASE I BOUNDARY
STORM SEWER OUTFALLS
EXISTING STORM SEWER
PROPOSED STORM SEWER
SCALE
Proctor & Redfern Limited

EXISTING AND PROPOSED
STORM DRAINAGE

OUTER HARBOUR
BUSINESS PARK

MAP 5

The land use concept generally envisages an area of heavy industrial use oriented to the Leslie Street Slip and bounded by the turning basin and the eastern end of the Hearn property on the east, Unwin Avenue on the south, Cherry Street on the west and Commissioners Street on the north. The balance of the Port Industrial District, excluding the open space and environmental resource areas of the Leslie Street Spit/Outer Headland and Cherry Beach Park are proposed for general industrial use. The concept proposal to permit heavy industrial uses to the immediate north-west of the Outer Harbour Business Park is intended to recognize existing uses but may have to be reconsidered, or sensitively treated upon redevelopment, to avoid a negative impact on the amenities of the business park.

Other policies in the Plan attempt to ensure that the entire Port Industrial District is made more attractive to a wide range of industries, particularly high employment industries, by:

a) undertaking actions such as landscaping and street improvement, securing parks and harbour viewing areas and encouraging similar private initiatives.

b) cutting back on the designation of Heavy Industrial Areas.

c) reducing the range of non-industrial uses permitted in specific areas.

d) encouraging the provision of improved public transit.

e) encouraging the Toronto Harbour Commissioners to make land available for high employment industrial uses.

f) ensuring that industries achieve a high standard of performance in terms of appearance, landscaping and environmental protection.

g) limiting dust-generating uses, including those involving the outdoor storage of coal.

The Waterfront Plan also outlines the City's position that the provision of a pedestrian linkage and public access along the waterfront through the proposed business park is a priority.

The Waterfront Plan does not provide for industrial/commercial uses in the Outer Harbour Business Park of the type presently found in the Bathurst/Lakeshore Boulevard West area of the Exhibition Industrial District. Based on the market assessment contained in this feasibility study, it may be appropriate to consider changing the General Industrial designation on part or all of the proposed business park lands to General Use area to permit the types of quaternary and other uses identified as being potentially attracted to the area.

At the present time, neither the amendment to incorporate the designations and policies of The Central Waterfront Plan into the Official Plan or the implementing revisions to the zoning by-law have been approved. However, public meetings are on-going and approval/implementation is expected before the end of 1985.

### (ii) Zoning By-law

Because of its imminent implementation, only the proposed zoning outlined in The Central Waterfront Plan has been reviewed. In this regard, the following points are of relevance:

- The bulk of the land is proposed to be zoned I3 D3. This zoning provides for a wide range of manufacturing and related activities, warehouse and storage uses. In addition, a limited range of Commercial and Institutional uses incidental to industrial uses or needed to serve local employees are to be permitted. Heavy industrial uses, or office and commercial types of uses not incidental to industrial uses are to be excluded.

- The balance of the land (along the Outer Harbour shoreline and for a short distance east of the circulating channel) are to be rezoned 'G' and used as open space. Consideration should be given to modifying the proposed zoning to extend the I3 D3 zoning closer to the circulating channel, reflecting the development concepts proposed later in this report.

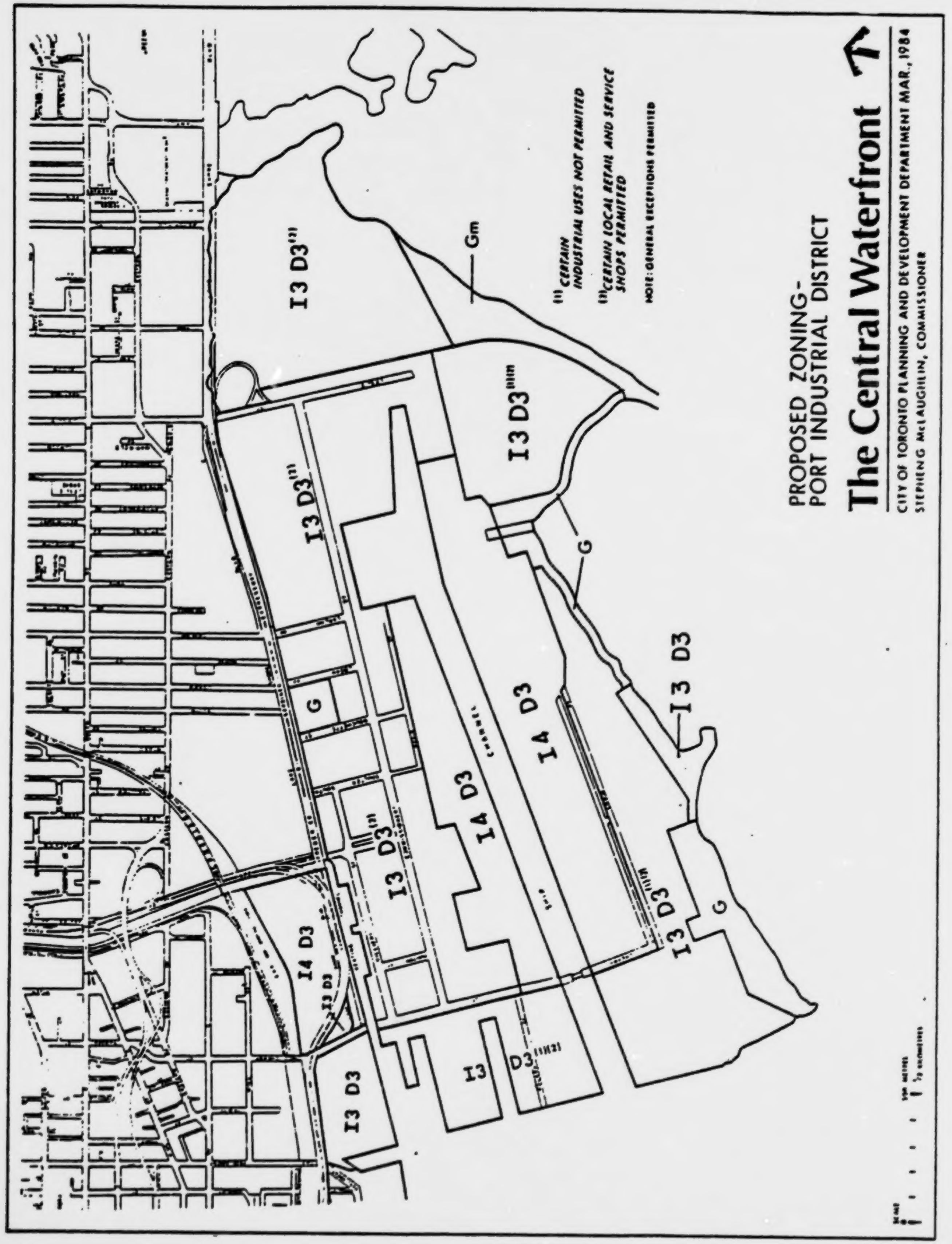
- Density is restricted to three times the site area and there is no height limitation.

- The lands are subject to site plan control (By-law 615-79) and development application review by the City.

- The Zoning By-law provides no design guidelines for the coordinated, integrated development of an area such as the Outer Harbour Business Park.

- Certain local retail and service shops are also to be permitted in the I3 D3 zone. However, incidental to industrial uses, at the present time, the zoning by-law as presently proposed may not provide for the "quaternary or service commercial" types of uses contemplated by the market analysis.

MAP 6


PROPOSED ZONING-
PORT INDUSTRIAL DISTRICT
The Central Waterfront
CITY OF TORONTO PLANNING AND DEVELOPMENT DEPARTMENT MAR., 1984
STEPHEN G McLAUGHLIN, COMMISSIONER
(1) CERTAIN INDUSTRIAL USES NOT PERMITTED
(2) CERTAIN LOCAL RETAIL AND SERVICE SHOPS PERMITTED
NOTE: GENERAL EXCEPTIONS PERMITTED
I3 D3(2)
Gm
I3 D3(1)(2)
I3 D3(1)
G
I3 D3
I4 D3
I3 D3(1)
I3 D3(1)(2)
I3 D3(1)(2)
I3 D3

## SECTION 7 - MARKET IMPLICATIONS AND OPPORTUNITIES

### 7.1 Introduction

Several preceding sections have reviewed the overall Toronto Industrial Space market, focusing on general trends and have provided detailed analyses of a series of submarkets. The purpose of this section of the report is to summarize the market research and relate it to the character and nature of the proposed Outer Harbour Business Park. The objective is to define an appropriate 'niche' for the project.

### 7.2 Site Evaluation

Other sections of this report have detailed the existing uses in the area, the history of the port area, physical parameters and relevant planning policies. The proposed Outer Harbour Business Park is considered unique because it is adjacent to Lake Ontario, in immediate proximity to a proposed 1,200 slip marina. In addition it is very close to Downtown Toronto and has excellent access to major transportation facilities.

The critical factor in establishing the 'niche' for the proposed development is the evaluation of the unique characteristics relative to the demands and opportunities of the current marketplace.

### (i) Strengths

The major strength of the proposed business park is its proximity and ease of access to downtown Toronto. The submarket surveys indicate this factor to be of prime importance to the printing, photography, design studios and downtown service industries which also expressed the greatest interest in considering the Outer Harbour Business Park as a location.

The close proximity to downtown is the major selling feature of the proposed park.

The second most important factor is access and proximity to labour. This factor is of great importance in all three submarkets. Relative to many competitive areas, the proposed business park is in close proximity to, and has access to, a diverse labour pool. The advantage of proximity and access to labour is a positive factor for traditional labour intensive industries, and also a potential advantage for the graphics, printing, design studios and related industries.

Access to major highways is ranked as the third most important strength of the area. This factor will be of greatest importance to more conventional industries, distributing or providing service throughout the greater Toronto area. Relative to inner city industrial and business areas, the proposed park is well located in

respect to access to major highways. However, access to major highways is not superior relative to many suburban locations. Yet industries which require either proximity to downtown or labour as well as proximity to major highways will find it very difficult to find a superior location.

Proximity to the vistas of Lake Ontario is important to only a few specific industry types but could assist dramatically in creating a unique image for the proposed park. Proximity to Lake Ontario and the proposed 1,200 slip marina is of particular importance to the boat repair and sales and marine retail industries. However, the depth of this sector is limited. The vista of Lake Ontario and the marina could assist in providing a park like environment and adding to the asthetics of the area.

Proximity to existing industry is a major benefit in that these industries themselves may utilize space in the park for their expansion requirments. For these industries, such a location would have important efficiency and economic benefits.

The fact that the project will contain modern facilities should not be underestimated. The proposed park will provide the only significant amount of contemporary facilities within the entire inner urban area. Many industries have relocated outward to obtain more modern facilites therefore, the availability of new facilities in the proposed park will be a major selling feature.

Security of tenure is of significance, particularly to industries within areas that are being renovated, upgraded and subjected to estate speculation (eg. King/Spadina area). Many tenants have demolition clauses in leases or are on a month to month lease. The opportunity to provide these tenants with relatively secure tenure will be a major selling feature to some tenants.

### (ii) Weaknesses

The most significant weakness of the proposed park is the character, condition and nature of adjacent uses. The negative appearance of the area is largely attributable to the age of the facilities, their poor state of repair and maintenance and the heavy industrial nature of many of the users. Users in the area include tank farms, scrap metal yards, bulk storage yards. Almost every industry in the area utilizes some form of outside storage.

The port area was designed and established at a previous time for a different market. As a result it does not meet the demands of contemporary business at the present time.

The area presently contains very little support services and infrastructure. This is largely due to the nature of the existing industries which do not utilize substantial labour. The present lack of support services could discourage many industries from locating in this area.

It appears that, except for expansion of industries already in the general area, new capital intensive manufacturing, warehousing and distribution industries will have little likelihood of locating and/or relocating to the proposed business park. This is largely because these firms could not rationalize the location as optimizing efficiency. The current trend is for industry to move outward. The proposed Outer Harbour Business Park will have to combat this trend and inertia to move outward with an aggressive marketing program.

### (iii) Summary of Market Strengths and Weaknesses

The following Table outlines the major locational strengths and weaknesses of the proposed business park.

### STRENGTHS/WEAKNESSES PROPOSED HARBOUR BUSINESS PARK

| STRENGTHS | WEAKNESSES |
|---|---|
| 1. CLOSE PROXIMITY AND ACCESS TO DOWNTOWN | 1. EXISTING DEVELOPMENT IS PHYSICALLY UNATTRACTIVE<br>- Aesthetics are poor<br>- Surrounding uses tend to be of a noxious nature (Treatment Plant, Hearn Generating Station, etc.) |
| 2. CLOSE PROXIMITY AND ACCESS TO LABOUR<br>- Carlaw/Logan survey | 2. LACK OF INFRASTRUCTURE<br>- Support services<br>- Restaurants<br>- Physical infrastructure (road, water supply, sewers) |
| 3. GOOD ACCESS TO MAJOR HIGHWAYS RELATIVE TO OTHER CENTRAL AREAS | 3. EXISTING TREND: INDUSTRIES MOVING OUTWAR<br>- Requires change in perception of the area |

STRENGTHS

4. PROXIMITY TO AND VISTA OF LAKE ONTARIO
   - 1,200 slip marina
   - Ambiance of water setting
   - Marine related industry requirements

5. PROXIMITY TO EXISTING INDUSTRY

6. POTENTIAL TO DEVELOP MODERN FACILITIES

7. POTENTIAL FOR SECURITY OF TENURE

8. POTENTIAL FOR GOOD PUBLIC TRANSPORTATION

WEAKNESSES

4. TAXES ARE 15 - 20% GREATER
   - Higher than competitive areas, East York, Etobicoke, south Scarborough

5. BUILDING AND LAND COSTS ARE HIGHER
   - Foundation premiums

## 7.3 Potential Market Opportunities

The 'niche' for the proposed business park will be largely determined by its locational characteristics relative to the dynamics of the current market.

The market is continuing to change. Manufacturing and warehousing firms are becoming more capital intensive and shifting outward. However, a number of these types of firms which have a downtown orientation, ties to labour, or require proximity to the core, are actively looking for space which could satisfy these requirements. The proposed business park could fulfill the requirements of many of these types of industries.

The proposed park is in close proximity to downtown. The users who require this proximity i.e. printers, photographers, graphics, commercial studios, film processing, downtown services will be a major market for the project. These firms will come out of King/Spadina, Carlaw/Logan, East York and along the remainder of the Don Valley corridor. This target market, which is often referred to as "quaternary", is growing quickly and requires suitable accommodation. However, other developers also have begun to recognize this market. If a competitive project is developed prior to the proposed park, it would reduce this project's ability to attract this market. It is unlikely that the market could support a number of projects focussing on this single market.

Because of the site's close proximity to a number of major plants in the Carlaw/Logan area, industries already in the area will likely be interested in establishing off site manufacturing, warehousing and distribution facilities in the park. If facilities can not be provided to augment the capital intensive plants in the area, they may relocate their entire operation towards the periphery to find adequate facilities. As a result, the City should view the proposed park not only in the context of generating new business investment, but also as a means of retaining the existing industrial base in the City.

The park is also expected to attract smaller labour intensive firms such as jewellery, lense and optical and denture repair and manufacturing firms that have been forced to more distant locations because they could not find suitable rental accommodation in the inner area.

Downtown service industries are also a large potential market for the park. Services ranging from computer rentals, repair, paper storage and distribution, business records - storage, office supplies, office equipment repairs are likely to find this location attractive.

The major marine use is anticipated to be boat repair and sales and marine equipment retailing. Both uses are not likely to materialize until the marina has commenced operation. The business park would likely attract only one or possibly two boat repair firms. Given the nature of marine related retailers, the project would likely be limited to 30,000 to 40,000 square feet of retail space which appears to be the optimum size given the typical mix and character of marine retailers.

The study also considered the use of at least some of the lands for a teleport. Several enquires into two teleport facilities were made - one being in San Fransisco and the second being in New York on Staten Island. Our preliminary investigations suggested that the Outer Harbour Business Park may not be the ideal location for a teleport. However, the Harbour Commissioners have retained an independant consultant to more thoroughly evaluate the feasibility of establishing a teleport somewhere in the Port. The results of this analysis should be available by June, 1986.

## 7.4 Design Constraints and Implications

The quaternary uses that are considered to be a prime target market for this project are almost exclusively tenants. As a result the business park will have to provide space for lease to accommodate this market. Most of this group have very few specific requirements other than air conditioning and an interesting environment. Studio operations for staging, photography and filming of commercials, requires minimum bay spacing of 40' with a preference for 60'. Ceiling heights must be a minimum of 18' clear, preferably 24' to 30'.

Most of these users can utilize multi-storey facilities. Trucking is important, but the use should not be considered truck oriented. Trucking facilities should be designed to accomodate both truck level and drive-in facilities for vehicles of delivery van size.

The market from expansion of existing plants in the area will likely require both warehousing and manufacturing space. To accomodate both functions, the space should be a minimum of 20' clear, preferably 22' to 24'. The facilities should be equipped with truck level doors and all trucking amenities. The trucking area should be a minimum of 110'. These larger facilities should be developed with a minimum module of 15,000 to 20,000 square feet and a minimum depth of 150' to 180'.

Smaller manufacturers and distributors will require high quality industrial multiple space. The facilities should provide a mix of truck level and drive-in doors. The office space should be highly flexible as it may vary from 0 to 70% in units varying in size from 1,200 square feet to 12,000 to 18,000 square feet. The smaller units should have a minimum ceiling height of 12' to 14' while the larger units should be no less than 16', preferably as high as 18' clear.

All building types should provide adequate parking. The multi-storey buildings and multiples aimed at smaller users should provide a minimum of two to three parking spaces per 1,000 square feet depending upon the size of unit. The smaller users, especially "quaternary users" as earlier defined, have shown to have a higher requirement for parking namely because the employees are more mobile.

Photographers, consultants, artists, sales personnel, etc. are required to travel to job sites not necessarily serviced by public transit or require extra equipment not condusive to using public transit which necessitates extra parking. The larger tenant space should provide a minimum of one parking space per thousand square feet.

The ancillary retail and service facilities and the marine related retail are not anticipated to have any specific requirements above the normal parking standard of 5.5 space/1,000 square feet However, some specialty marine related retailers may require larger shipping and receiving doors.

Boat repair facilities require a minimum clear height of 20' with a preference of up to 30'. Typically the size of these facilities is 10,000 to 20,000 square feet. Wide trucking doors and drive-in doors of significant height are also required. The facilities must be adjacent to water to move boats from the water into repair facilities. Outside storage and outside work yard space are mandatory.

## SECTION 8 - LAND USE PRINCIPLES, INFRASTRUCTURE REQUIREMENTS, DESIGN CONSIDERATIONS AND DEVELOPMENT SCENARIOS

### 8.1 General Development Principles

The designs of the development scenarios are based on the findings of the market assessment as well as land use principles that are common to all options as follows:

- The natural environment should be respected.
- Public access to the waterfront should be provided.
- The need for infrastructure (roads and utilities) should be minimized.
- The business park should be developed as a discrete area with its own personality to capitalize on the unique waterfront location as much as possible.
- The maximum amount of development in the business park should be on the south side of the required Unwin Avenue extension to Leslie Street to maximize design flexibility. The proposed right-of-way for the Unwin Avenue extension as presently provided for, should be abandoned.

- Available dockwall lands along the Leslie Street Slip should be retained if possible for industries requiring such facilities.
- Development in the easterly part of the business park should not front onto Leslie Street, but be oriented inwards to a local road pattern in the park.
- The design of the park should be such that it is possible to effectively screen Leslie Street from it.
- Flexibility in lot configuration should be provided. The range of lot sizes should be able to accommodate a wide variety of uses. Larger lots should have the possibility of being further subdivided and lots should have the capability of being aggregated to form larger lots.
- The plans should incorporate the maximum amount of flexibility possible so that they can respond to the changing needs of potential industrial land purchasers or lessees.
- The design of the park should be such that lots could accommodate a variety of building types to respond to changing market demands.

- Development of the business park should have a positive or neutral influence on uses in other parts of the port industrial area.

- Development should be compatible with existing and future waterfront activities in the area.

- Development should take advantage of the waterfront location and amenities.

- Provision should be made for water and/or boating related manufacturing and service commercial activities if appropriate.

- Future development of the Outer Harbour Marina and recreational activities in the Aquatic Park should be complemented by the business park development plan.

- Service commercial facilities should be grouped in one node as opposed to being dispersed throughout the park. The grouping of commercial uses will provide greater convenience and allow some economies of aglomeration.

- Commercial facilities should be located so that they can conveniently serve the business park during the working week and the recreational trade, including the proposed marina to the south, during evenings and weekends.

- The road network should provide satisfactory access to the commercial facilities.

- Primary access to the site should be oriented towards the Gardiner Expressway/Leslie Street intersection.

## 8.2 Common Land Use Design Considerations

- The Unwin Avenue Alignment

For all scenarios, the easterly end of the existing Unwin Avenue is connected to Leslie Street. It follows a large radius curve easterly and northerly from just east of the circulating channel and joins Leslie Street at a right angled 'T' intersection approximately 150 metres south of the projection of the south side of the Leslie Street Slip.

- Internal Road Pattern

The internal road pattern is consistent in all scenarios. This results from:

- The location of the Unwin Avenue extension.

- The desire to maintain the existing bridge location over the circulating channel.

- The size and configuration of the site.
- The desire to maintain an appropriate frontage to depth ratio for all industrial lots.
- The desire to provide reverse frontage lots onto Leslie Street for marketing reasons.
- The need to provide flexibility in design so that the potential for the further division of lots is maintained.

o Dockwall Industry

The property adjacent to the Leslie Street Slip has potential for Dockwall types of industry or marine related service industrial uses in all concepts. Such development would be well served with road, rail and water transportation.

It is envisaged that this area will develop in a traditional sense with all parking located on-site and will likely achieve a coverage of up to 45% depending upon the use.

o Linear Open Space System

A linear open space system along the waterfront is a common element in all scenarios. This will provide a link between the major and minor roads in the business park. It also ensures that there will be public pedestrian access to the waterfront and a link to the proposed ancillary retail/service commercial area plus the proposed marina site immediately to the south.

- Ancillary Retail/Service Commercial Development

Except for Concept 1, each development scenario provides for a retail/service commercial development area strategically located at the south-east corner of the site adjacent to the location of the proposed marina. The site is well situated in terms of serving the business park during the week and the recreation area to the south during the weekends. The location is intended to capitalize on this plurality of market to enhance the economic viability of service commercial operations locating there. Each scenario provides for the alternate development of this service commercial site consistent with the development concept of the particular scenario.

- Phasing

The land adjacent to the intersection of the proposed Unwin Avenue extension and Leslie Street can be readily serviced with a minimum cost. This would be a logical first phase of development to immediately generate a positive cash flow. When it is deemed desirable to bring additional land "on stream", it would be most cost effective to service the balance of the business park as a second and final phase.

- **Building Form**

  Based on the results of the market analysis and having regard for the technical difficulties and costs associated with providing underground or structure parking, it is anticipated that, notwithstanding the three times coverage permitted by the proposed I3 D3 zoning, manufacturing/warehousing and multiple unit development will not exceed one storey in height. Quaternary use development, such as that proposed along the Outer Harbour shoreline in certain concepts, will likely exceed one storey in height.

## 8.3 Infrastructure Requirements

To fully service the proposed business park, the following infrastructure improvements will be required (See Maps 3, 4 and 5).

### a) Watermains

- The existing 300 mm diameter watermains on Leslie Street and Unwin Avenue must be connected. It is proposed that this be accommodated by the installation of a 300 mm diameter connection from Leslie Street westerly along the proposed realignment of the service road to the connection point on Unwin Avenue at the west side of the Hearn Generating Station - a distance of approximately 750 m.

- Internal servicing would involve the construction of various lengths of 250 mm, 200 mm and 150 mm diameter watermains along the internal road pattern and along Leslie Street with a connection along the shoreline between Leslie Street and the internal cul-de-sac. The watermain plan provides for the servicing of the proposed business park and also the proposed marina. (See Map 3).

b) Sanitary Sewers

- Sanitary servicing of the lands will require the construction of a small pumping station, approximately 380 metres of 200 mm diameter forcemain, a 450 mm connection from the northerly end of the forcemain to the existing 600 mm diameter trunk sewer on Leslie Street, plus appropriate 250 mm diameter sewers on internal streets as shown on Map 4.

- The proposed marina could ultimately be connected to the business park sewer system with the construction of a relatively short (±250m) length of 250 mm diameter gravity sewer from the marina, along the Outer Harbour to the internal cul-de-sac.

### c) Storm Drainage

- Storm run-off from the area of the site located north of the service road will require construction of storm sewers since the existing 600 mm dia. and 750 mm dia. storm sewers do not have sufficient capacity. A new outfall will be required to the Leslie Street Slip as shown on Map 5.

- Additional storm sewers will be required on internal streets as shown on the servicing plan (Map 5) with two submerged outfalls to the Outer Harbour - one at the circulating channel and the other close to the end of the internal cul-de-sac. On-site storage of runoff on roofs or parking lots may be considered during the detailed design to reduce required storm sewer sizes and the amount of additional fill that would otherwise be required to create positive drainage towards the lake.

- If the development is phased, it is possible that a small area of the business park in the north-east could be serviced with a temporary storm outfall across Leslie Street to an existing drainage course.

### d) Roads

- All roads in the development will be constructed to full urban standards with curb and gutter.

- The total length of proposed 20 m internal roads is approximately 800 m.

- The 26 m connection of the service road between Leslie Street and Unwin Avenue at the circulating channel has a length of approximately 750 m.

- The development proposal contemplates that no improvement to Leslie Street will be needed between the marina and its intersection with the service road as all primary access to the business park will be from internal roads.

- Minor improvements may be required on Leslie Street to permit truck access to the adjacent industrial blocks. This work is not included in the following cost estimates as it is envisioned these costs would be passed on to the developer(s) (builders) of individual lots. In addition, a portion of the cost may be attributable to the proposed marine and Aquatic Park.

### e) Servicing/Development Costs

Because all concepts have basically the same internal road pattern, servicing costs for the various plans are approximately the same. The preliminary estimate of servicing costs is as follows:

| | | | |
|---|---|---|---|
| 1. | Watermains | | $ 418,600.00 |
| 2. | Sanitary Sewers: | | |
| | Sewers | $ 136,700.00 | |
| | Pumping Station | $ 155,000.00 | $ 291,700.00 |
| 3. | Storm Sewers: | | |
| | Sewers | $ 490,200.00 | |
| | Outfall | $ 105,000.00 | $ 595,200.00 |
| 4. | Roads and Surface Works | | $ 708,500.00 |
| 5. | Hydro & Street Lighting | | |
| | 1400 m @ $400.00/m | | $ 576,000.00 |
| 6. | Allowance for landscaping | | |
| | and berming (if necessary) | | $ 200,000.00 |
| | SUB TOTAL | | $2,790,000.00 |
| | 10% Engineering & Contingencies | | $ 279,000.00 |
| | TOTAL ESTIMATED COST | | $3,069,000.00 |

Notes:

- Servicing costs relate only to the cost of developing the business park. No external costs are included.
- No improvement to Leslie Street (Service Road to marina) is included.
- Shoreline protection costs are not included.
- Bridge replacement at the circulating channel is not included. The estimated cost is anticipated to be approximately $400,000.

- All concepts will require approximately 160,000 cubic meters of additional fill assuming overland flow is directed towards the lake. The fill requirement may be reduced if parking areas are suitably designed to accommodate passive stormwater detention. The cost estimates included herein assume that any fill required could be obtained by the owner at no charge and would be of clean quality. The type of fill now being placed on the Leslie Street Spit would generally be of acceptable quality.

## 8.4 Development Scenarios

### (i) Range of Market Options

Section 7 of this report presents the market opportunities and constraints for the proposed Outer Harbour Business Park. The following discussion utilizes this information to develop a number of development scenarios aimed at fulfilling the identified 'niches' within the market. Each scenario is evaluated in terms of its economic and financial viability.

The development scenarios contemplate various facility types with characteristics as follows:

### 1. Large Industrial Buildings

- Designed to accommodate manufacturing, warehousing and distribution uses.
- By alternating standard bay spacing to 50' x 40' or 50' x 50', facilities could also accommodate larger commercial staging, sound studios, ad presentation and staging operations.
- Designed to accommodate minimum user of 15,000 to 20,000 square feet.
- Facility should be designed for truck level shipping with minimum truck yards of 120'.
- Ceilings should be a minimum of 20' clear and could approach 30'.
- Cladding material should be architectural block, brick, precast panels, prefinished metal or a combination of the above.
- These building types will accommodate the expansion needs of existing major industries in the Carlaw/Logan area, central Toronto, Leaside and East York areas. The facilities will also accommodate most major

conventional industries which could have an interest in the area.

- Large commercial staging, sound studios and printing operations could be accommodated.

2. Multiple Tenant Industrial Buildings

- Designed to accommodate smaller tenants with diverse needs.

- Designed to accommodate a large proportion of finished space.

- Designed to accommodate tenants requiring 2,500 square feet to 8,000 square feet.

- The facility should provide a combination of truck level and drive-in trucking facilities but some units may actually exclude any form of trucking facilities.

- Minimum trucking yard of 80'.

- Minimum ceiling heights of 14' to range up to 18'.

- Cladding material should be of good quality - likely precast or brick.

- Individual sites should be well landscaped.

- This building type will accommodate a significant share of the short term demand from the quaternary sector within the King/Spadina and other submarkets. Also, smaller printing, and related industries, manufacturing, and distributors will be attracted.

### 3. Quaternary Industrial Buildings

- Facilities will target on a similiar market as the Multiple Tenant Industrial Building except the building form will exclude manufacturers and distributors, eliminating the need for trucking facilities, and will expand the range of potential users to include business which could operate in a multi-storey facility.

- Space will be completely demised with dropped ceilings and air conditioning.

- Buildings will be equipped with elevators. At least one elevator should be capable of carrying freight.

- The building should be able to accommodate tenants as small as 800 - 1,000 square feet.

- Ceiling heights are not a concern.

- Cladding material should be of high quality but at the same time cost effective. Precast or masonary (brick) are two possible alternatives.

- Considerable landscaping will be included.

- Building will likely capture mid term and long term demand of the quaternary sector, providing rents are competitive. The facilities should capture a significant share of service space requirements from the general Toronto market, particulary from those users who have a preference to be in close proximity to downtown Toronto. Also, the facility will be capable of accommodating drafting and design operations, consulting operations and other business which may utilize a multi-storey building.

- The users of these facilities will be smaller in size and will require a high level of finishing.

## 4. Ancillary Retail/Service Commercial Buildings

- These buildings will accommodate service and retail functions ancillary to and/or related to the business park and the proposed marina.
- Uses may include such service uses as banks, restaurants, copying facilities, dry cleaners and retailing of marine and marine related products.
- The facilities should be of quality design and efficient layout.
- Parking should be provided at the rate of approximately 5.5 parking spaces per thousand square feet.
- Services related to the business park should be physically orientated towards the business park and its internal road pattern.
- Marine retailers should be orientated toward the marina and the Leslie Street extension.
- Restaurants should serve not only the business park but also the marina and Aquatic Park.

- Restaurants should consider outside eating areas.

- The entire facility should have both pedestrian and automobile access.

- The facade should be of a quality design with consideration given to a marine or water related theme.

### 5. Marine Related Service Industrial

- Because of their single purpose nature, marine facilities are likely to be designed to suit the specific requirements of the individual tenant.

- Facilities will likely require a dock wall and crane.

- Outside storage and work areas will be required, but should be carefully screened from other uses.

- Boat storage and cradles should be controlled to ensure the high quality image of the overall development is maintained.

- Buildings will likely be in the 20,000 to 30,000 square foot range with two to three acres of land for outside storage and work areas.

## (ii) Description of Alternatives and Proforma Summaries

The following section describes six potential development concepts in terms of the land uses and building types proposed. Maps 7 to 12 graphically depict the various development alternatives.

Due to the confidential nature of the report and sensitivity to financial information financial models and proforma analysis are not included in this report.

## CONCEPT 1

The orientation of the first concept is the provision of large rental industrial buildings for manufacturing and distribution uses on the entire site.

### Physical Description

Site A,B,C,D,E and F contemplate single storey development and it is envisaged that larger users of this type of building would locate on Site A. Experience indicates that development of this nature would likely achieve a site coverage of 45%. On-site parking, loading and sufficient truck maneuvering space would be provided on each lot within the business park.

Parking would be provided at the rate of 1 space/1,000 square feet.

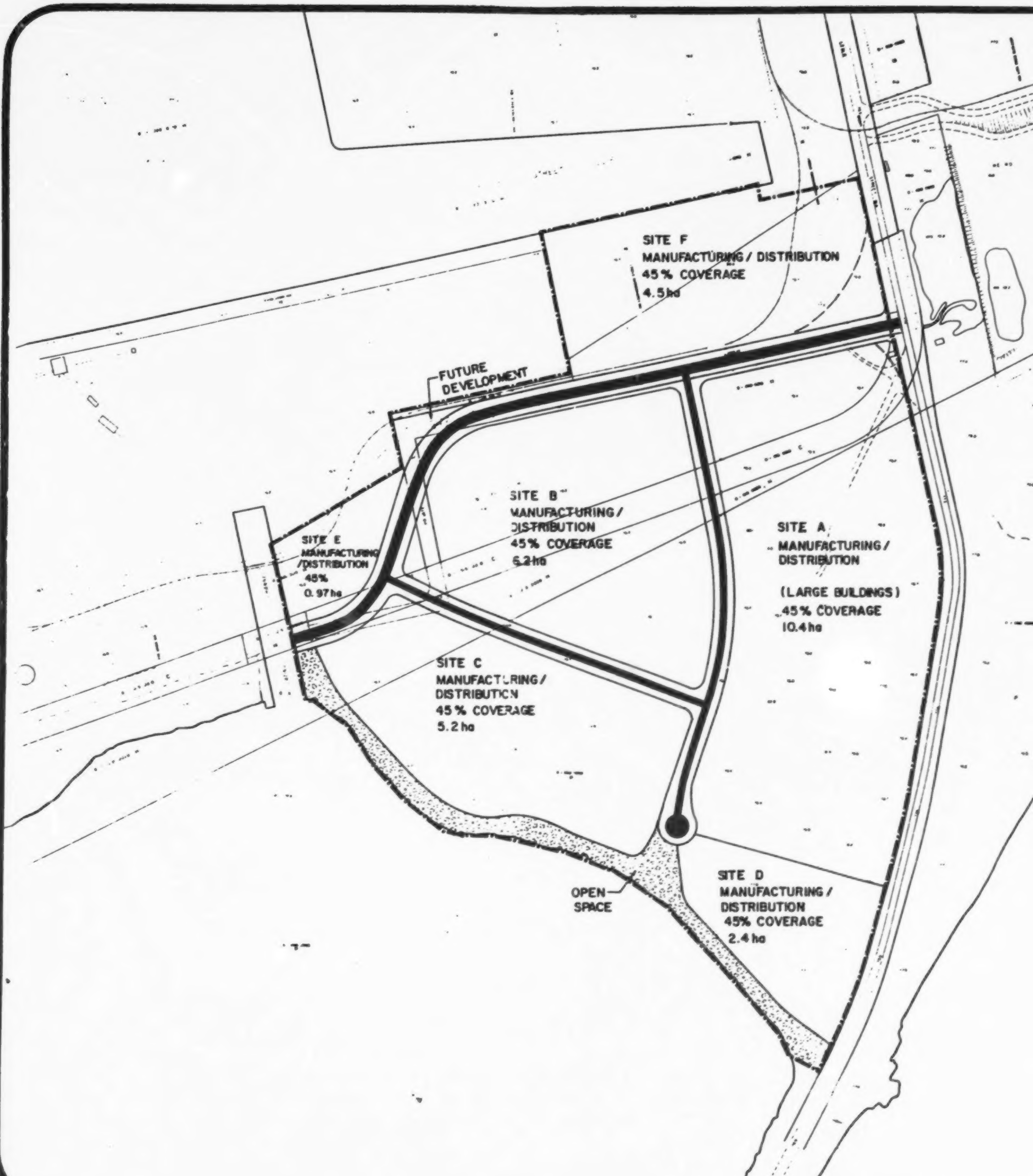
| USE | SITE AREA | COVERAGE | G.F.A. |
|---|---|---|---|
| Manufacturing/ Distribution | 29.67 ha. | 45% | 133,515 m2<br>(1,436,600 ft.2) |

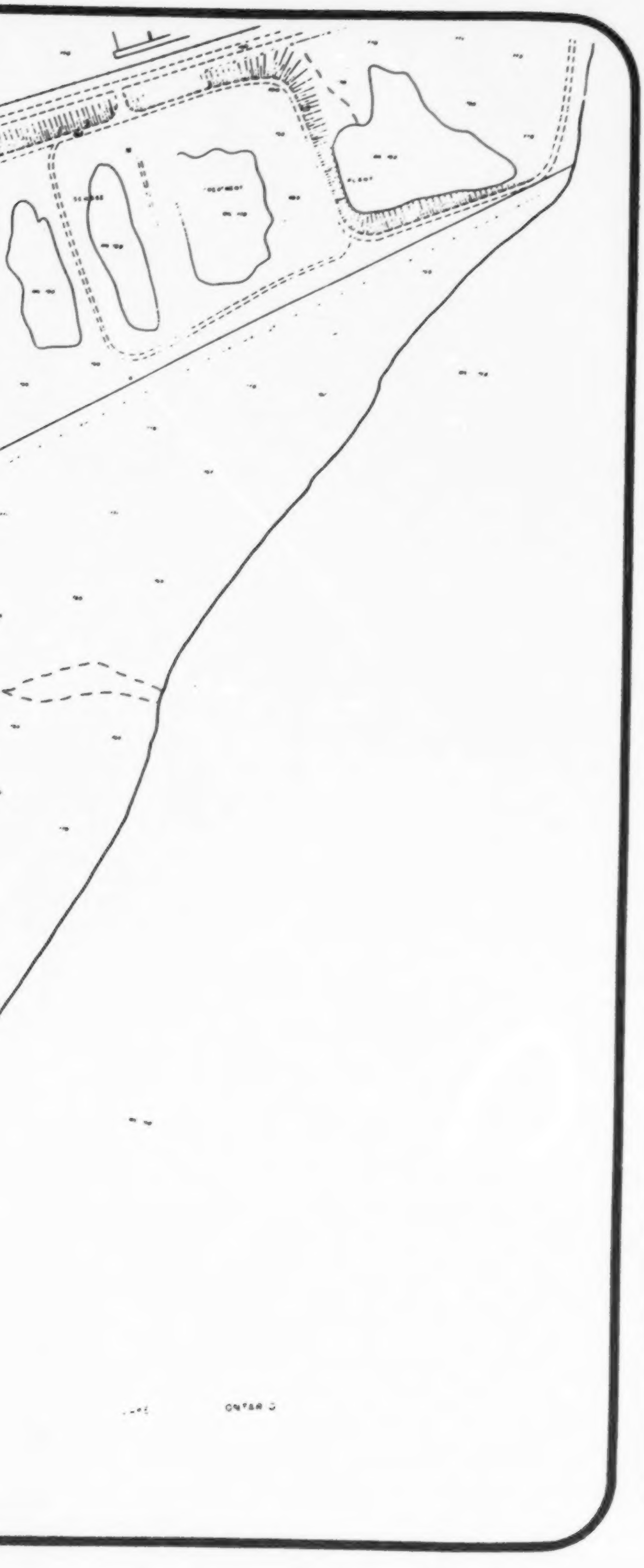
## LEASE UP ASSUMPTIONS

| | YEAR 1<br>(SQ.FT.) | YEAR 2<br>(SQ.FT.) | YEAR 3<br>(SQ.FT.) | YEAR 4<br>(SQ.FT.) | YEAR 5<br>(SQ.FT.) |
|---|---|---|---|---|---|
| over 100,000 sq. ft. | 150,000 | 100,000 | 150,000 | 87,500 | 105,915 |
| 20,000 to 100,000 sq. ft. | 50,000 | 100,000 | 150,000 | 262,500 | 317,745 |

Number of Employees upon Completion - 2,050 - ASSUMES 1 EMPLOYEE/700 SQ. FT.

Annual Tax Revenue upon Completion - $2,693,625.00


SITE F
MANUFACTURING / DISTRIBUTION
45 % COVERAGE
4.5 ha
FUTURE DEVELOPMENT
SITE B
MANUFACTURING / DISTRIBUTION
45% COVERAGE
5.2 ha
SITE E
MANUFACTURING /DISTRIBUTION
45%
0.97 ha
SITE A
MANUFACTURING / DISTRIBUTION
(LARGE BUILDINGS)
45% COVERAGE
10.4 ha
SITE C
MANUFACTURING / DISTRIBUTION
45 % COVERAGE
5.2 ha
OPEN SPACE
SITE D
MANUFACTURING / DISTRIBUTION
45% COVERAGE
2.4 ha



# CONCEPT 1

- **WAREHOUSING/DISTRIBUTION (45% COVERAGE) SITES A,B,C,D,E,F**
  - Gross Area - 29.67 ha
  - Potential Building G.F.A. 133,515 m2 (1,436,600 ft.2)
  - On-site Parking @ 1 Spaces/1000 ft.2 - 1,437
- **ROAD LENGTH**
  - 26 m R.O.W. 734 m (1.9 ha)
  - 20 m R.O.W. 783 m (1.6 ha)
- **OPEN SPACE - 1.5 ha**
- **FUTURE DEVELOPMENT - 0.29 ha**

# OUTER HARBOUR BUSINESS PARK

100 50 0 50 0 150 200 m

SCALE

Proctor & Redfern Limited

45 Green Belt Drive
Don Mills, Ontario
M3C 3K3 416 445 3600

**MAP 7**

EO No 84213
Scale 1:2000
Date JUNE 1985

## CONCEPT 2

Concept 2 provides for industrial mutiple space on most of the site and as well as a small ancillary retail/service commercial area.

### Physical Description

- Site A is proposed for industrial multiples in a double configuration. Two buildings would be located back to back on a lot and there would be a common truck courtyard located between the buildings. Car parking would be located at the "front" of each building (i.e. the truck courtyard is at the "back" of the buildings). This arrangement ensures that the facades of buildings on adjacent lots would be facing each other, and the more unsightly nature of the truck courtyards would be "hidden". Parking would be provided at a rate of 2 spaces per 1,000 square feet of building area.

  Since this area has road access at the front of the lot via the local road and at the rear of the lot via Leslie Street, it is not necessary to provide space on the lot for trucks to maneuver and circulate around the buildings. In addition, minimal front and rear yard setbacks would be required. It is therefore anticipated that a site coverage of 40% could likely be achieved.

- Site B is proposed for Industrial Multiples. It is anticipated that there will be both single and double multiples in this area. For the purposes of this concept, it has been assumed that the site coverage in this area will be 40%. Parking is at 2 spaces per 1,000 square feet of building area.

- Site C is proposed for Industrial Multiples. It is expected that these will be double multiples and it is is anticipated that a site coverage of 40% could likely be achieved. Parking would be provided at the rate of 2 spaces per 1,000 square feet of building area.

- Site D is proposed for Ancillary Retail/Service Commercial use. It is envisaged that a number of commercial uses (both marine and non-marine related) will locate here. Parking should be provided at the standard rate of 5.5 spaces per 1,000 square feet of building area. Experience indicates that a development of this type could likely achieve a site coverage of 30%.

- Site E is proposed for Industrial Multiples. Because of the awkward configuration of this site, it is expected that a single multiple building would be built. It would be oriented to Unwin Avenue with the loading facilities located at the rear adjacent to the rail line. It is anticipated that a site coverage of 40% could likely be achieved. Parking is at 2 spaces per 1,000 square feet.

- Site F is proposed for Industrial Multiples. It is envisioned that double multiples will be located here. For the purposes of this concept, a site coverage of 40% has been assumed. Parking would be at 2 spaces per 1,000 square feet of building area.

| USE | SITE AREA | COVERAGE | G.F.A. |
|---|---|---|---|
| Industrial/ Multiples | 27.3 ha. | 40% | 109,080 m2<br>(1,174,100 sq.ft.) |
| Ancillary Retail/ Service Commercial | 2.4 ha. | 30% | 7,200 m2<br>(77,500 sq.ft.) |

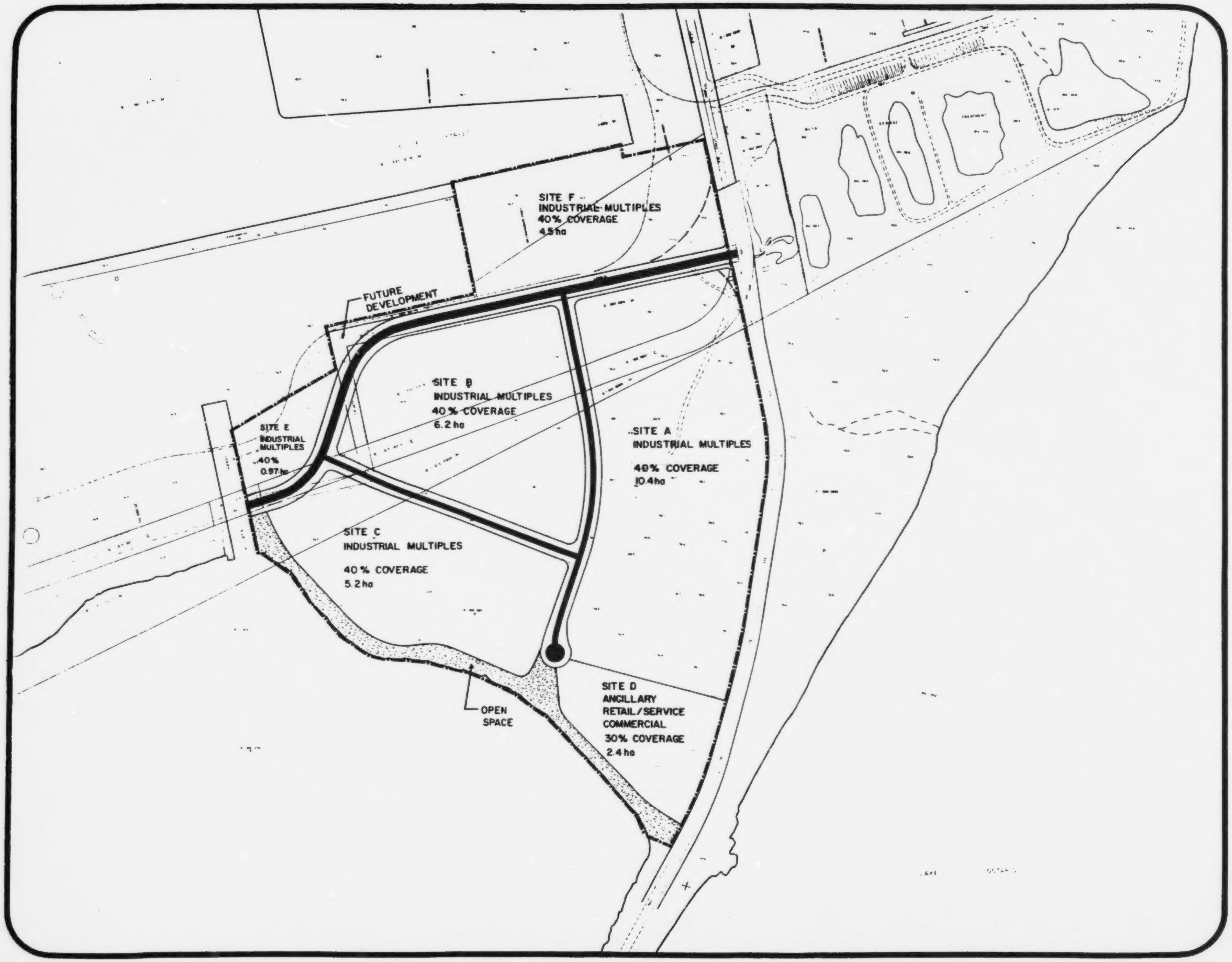
LEASE UP ASSUMPTIONS

| | YEAR 1 (SQ.FT.) | YEAR 2 (SQ.FT.) | YEAR 3 (SQ.FT.) | YEAR 4 (SQ.FT.) |
|---|---|---|---|---|
| Multiple Tenant Industrial | | | | |
| Less than 10,000 sq. ft. | | | | |
| (low portion finished) | 50,000 | 62,500 | 87,500 | 112,400 |
| (high portion finished) | 50,000 | 62,500 | 87,500 | 149,600 |
| Greater than 10,000 sq. ft. | | | | |
| (low portion finished) | 100,000 | 62,500 | 87,500 | 112,400 |
| (high portion finished) | | 62,500 | 87,500 | |

| | YEAR 1 (SQ.FT.) | YEAR 2 (SQ.FT.) | YEAR 3 (SQ.FT.) | YEAR 4 (SQ.FT.) |
|---|---|---|---|---|
| Ancillary Retail Service/ Commercial | | 30,000 | 30,000 | 17,503 |

Number of Employees Upon Completion - 2,275 - (Assumes 1 employee/550 sq. ft.)

Annual Tax Revenue Upon Completion - $2,756,235.00


SITE F
INDUSTRIAL MULTIPLES
40% COVERAGE
4.5 ha
FUTURE DEVELOPMENT
SITE B
INDUSTRIAL MULTIPLES
40% COVERAGE
6.2 ha
SITE E
INDUSTRIAL MULTIPLES
40%
0.97 ha
SITE A
INDUSTRIAL MULTIPLES
40% COVERAGE
10.4 ha
SITE C
INDUSTRIAL MULTIPLES
40% COVERAGE
5.2 ha
OPEN SPACE
SITE D
ANCILLARY
RETAIL/SERVICE
COMMERCIAL
30% COVERAGE
2.4 ha

# CONCEPT 2

- **INDUSTRIAL MULTIPLES (40% COVERAGE)**
  **SITES A,B,C,E,F**
  - Gross Area - 27.3 ha
  - Potential Building G.F.A. 109,080 m2 (1,174,100 ft.2)
  - On-site Parking @ 2 Spaces/1000 ft.2 - 2,348
- **ANCILLARY RETAIL/SERVICE COMMERCIAL (30% COVERAGE)**
  **SITE D**
  - Gross Area - 2.4 ha
  - Potential Building G.F.A. - 7,200 m2 (77,500 ft.2)
  - On-site Parking @ 5.5 Spaces/1000 ft.2 - 426
- **ROAD LENGTH**
  - 26 m R.O.W. 734 m (1.9 ha)
  - 20 m R.O.W. 783 m (1.6 ha)
- **OPEN SPACE - 1.5 ha**
- **FUTURE DEVELOPMENT - 0.24 ha**

# OUTER HARBOUR BUSINESS PARK

100 50 0 50 0 150 200 m
SCALE

Proctor & Redfern
Limited
45 Green Belt Drive
Don Mills Ontario
M3C 3K3 (416) 445 3600

**MAP 8**

E.O. No. 84213
Scale 1:2000
Date JUNE 1985

## CONCEPT 3

The basis for the third concept is the provision of Industrial Multiples, Quaternary Industrial and Ancillary Retail/Service Commercial uses.

### Physical Description

- Site A is intended to develop as Industrial Multiples as described in Concept 2. It is anticipated that a site coverage of 40% could likely be achieved.

- Site B is proposed for Industrial Multiples as described in Concept 2. For the purposes of this concept a site coverage of 40% has been assumed.

- Site C is proposed for Quaternary Industrial uses. It is envisioned that this development will provide for the types of users described in Section 8.4.3. Consequently, a higher parking requirement of 3 spaces per 1,000 square feet of building area for this site is incorporated. On this basis, it is anticipated that the multi-storey buildings could achieve a floor area ratio of 0.65 at this parking standard assuming 10% of the site is used exclusively for landscaping purposes and all parking is "at grade".

It is intended that the main building facade will be oriented towards the waterfront to establish a high quality image and capitalize on views but the rear of the buildings would also be finished to a high standard.

- Site D is proposed for Ancillary Retail/Service Commercial described in Concept 2. It is anticipated that a site coverage of 30% could likely be achieved.

- Site E is proposed for Industrial Multiples as described in Concept 2. It is anticipated that a site coverage of 40% could likely be achieved.

- Site F is proposed for Industrial Multiples as described in Concept 2. For the purposes of this concept a site coverage of 40% has been assumed.

| USE | SITE AREA | COVERAGE | G.F.A. |
|---|---|---|---|
| Industrial Multiples | 22.07 ha. | 40% | 88,280 m2<br>(950,250 sq.ft.) |
| Ancillary Retail/ Service Commercial | 2.4 ha. | 30% | 7,200 m2<br>(77,500 sq.ft.) |
| Quaternary Industrial | 5.2 ha. | F.S.I. = 0.65 | 33,800 m2<br>(353,800 sq.ft.) |

## LEASE UP ASSUMPTIONS

|  | YEAR 1 (SQ.FT.) | YEAR 2 (SQ.FT.) | YEAR 3 (SQ.FT.) | YEAR 4 (SQ.FT.) |
|---|---|---|---|---|
| **Multiple Tenant Industrial** |  |  |  |  |
| Less than 10,000 sq. ft. |  |  |  |  |
| (low portion finished) | 50,000 | 150,000 | 135,000 | 69,000 |
| (high portion finished) | 50,000 | 15,000 | 15,000 | 7,600 |
| Greater than 10,000 sq. ft. |  |  |  |  |
| (low portion finished) | 100,000 | 135,000 | 135,000 | 69,000 |
| (high portion finished) |  |  | 15,000 | 7,600 |

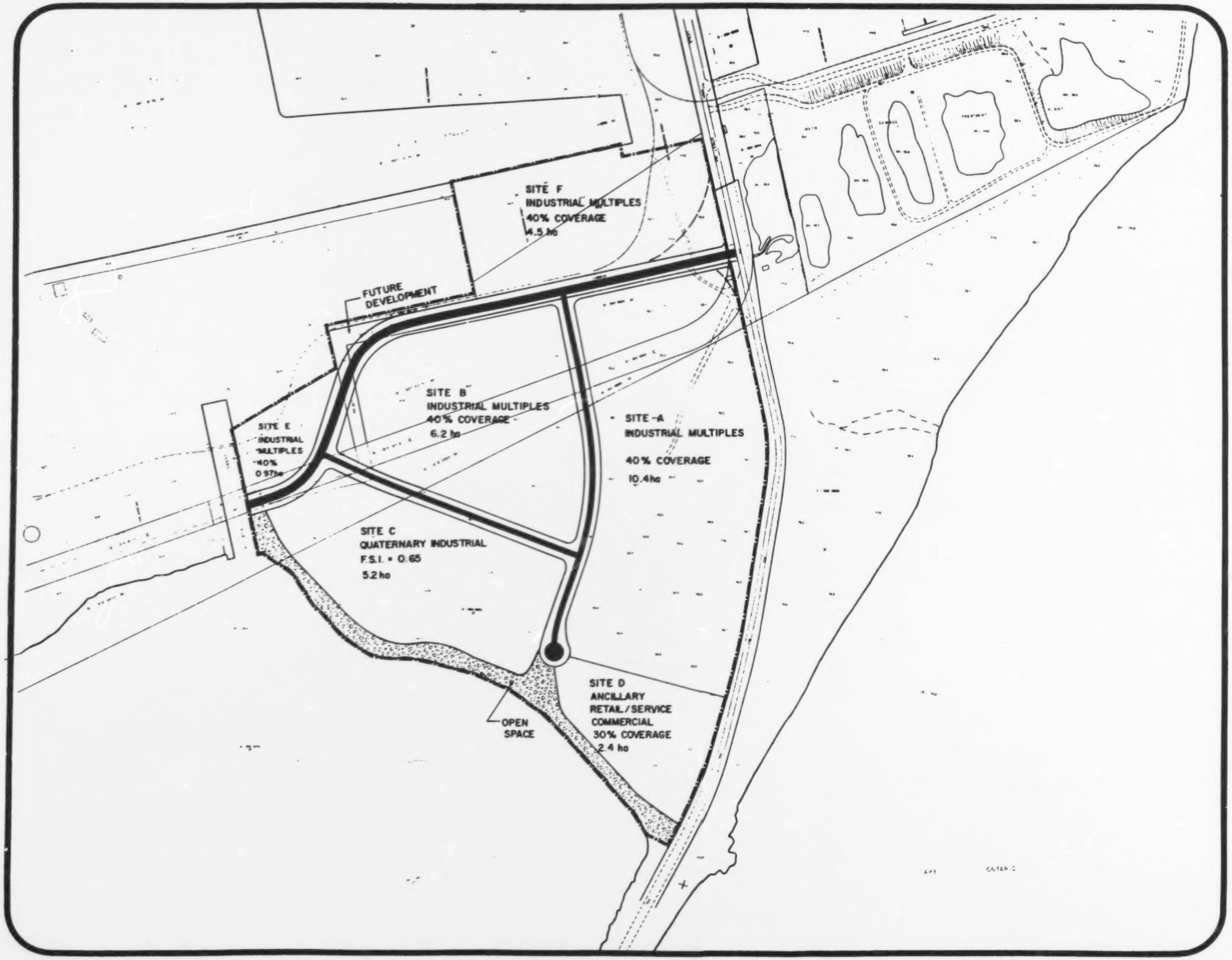
LEASE UP ASSUMPTIONS

Multiple Tenant Industrial

| | YEAR 1<br>(SQ.FT.) | YEAR 2<br>(SQ.FT.) | YEAR 3<br>(SQ.FT.) | YEAR 4<br>(SQ.FT.) |
|---|---|---|---|---|
| Quaternary Industrial | | 120,000 | 120,000 | 124,000 |
| Ancillary Retail/Service Commercial | | 30,000 | 30,000 | 17,500 |

Estimated Number of Employees Upon Completion - 2,724

Estimated Annual Tax Revenue Upon Completion - $3,233,265.00


SITE F
INDUSTRIAL MULTIPLES
40% COVERAGE
4.5 ha
FUTURE DEVELOPMENT
SITE B
INDUSTRIAL MULTIPLES
40% COVERAGE
6.2 ha
SITE -A
INDUSTRIAL MULTIPLES
40% COVERAGE
10.4 ha
SITE E
INDUSTRIAL
MULTIPLES
40%
0.97ha
SITE C
QUATERNARY INDUSTRIAL
F.S.I. = 0.65
5.2 ha
SITE D
ANCILLARY
RETAIL / SERVICE
COMMERCIAL
30% COVERAGE
2.4 ha
OPEN
SPACE

# CONCEPT 3

- **INDUSTRIAL MULTIPLES (40% COVERAGE)**
  **SITES A,B,E,F**
  - Gross Area - 22.07 ha
  - Potential Building G.F.A. 88,280 m$^2$ (950,250 ft.$^2$)
  - On-site Parking @ 2 Spaces/1000 ft.$^2$ - 1,900
- **QUATERNARY INDUSTRIAL (F.S.I. = 0.65)**
  **SITE C**
  - Gross Area - 5.2 ha
  - Potential Building G.F.A. - 33,800 m$^2$ (363,800 ft.$^2$)
  - On-site Parking @ 3 Spaces/1000 ft.$^2$ - 1,092
- **ANCILLARY RETAIL/SERVICE COMMERCIAL (30% COVERAGE)**
  **SITE D**
  - Gross Area - 2.4 ha
  - Potential Building G.F.A. - 7,200 m$^2$ (77,500 ft.$^2$)
  - On-site Parking @ 5.5 Spaces/1000 ft.$^2$ - 426
- **ROAD LENGTH**
  - 26 m R.O.W. 734 m (1.9 ha)
  - 20 m R.O.W. 783 m (1.6 ha)
- **OPEN SPACE - 1.5 ha**
- **FUTURE DEVELOPMENT - 0.24 ha**

# OUTER HARBOUR BUSINESS PARK

100 50 0 50 0 150 200 m

SCALE

Proctor & Redfern
Limited

45 Green Belt Drive
Don Mills Ontario
M3C 3K3 (416) 445-3600

**MAP 9**

E.O. No 84213
Scale 1:2000
Date JUNE 1985

## CONCEPT 4

The fourth concept combines elements of the first three concepts. It provides for Manufacturing/Distribution uses, Industrial Multiples, Quaternary Industrial and Ancillary Retail/Service Commercial uses.

### Physical Description

- Site A is proposed for Manufacturing/Distribution uses as presented in Concept 1. It is anticipated that a site coverage of 45% could likely be achieved.

- Site B is proposed for Industrial Multiples as described in Concept 2. For the purposes of this concept, a site coverage for 40% has been assumed.

- Site C is proposed for Quaternary Industrial as described in Concept 3. It is anticipated that a F.A.R. of 0.65 could likely be achieved.

- Site D is proposed for Ancillary Retail/Service Commercial uses as described in Concept 2. It is anticipated that a site coverage of 30% could likely be achieved.

- Site E is proposed for Industrial Multiples as described in Concept 2. For the purposes of this concept, a site coverage of 40% has been assumed.

- Site F is proposed for Industrial Multiples as described in Concept 2. For the purposes of this concept, a site coverage of 40% has been assumed.

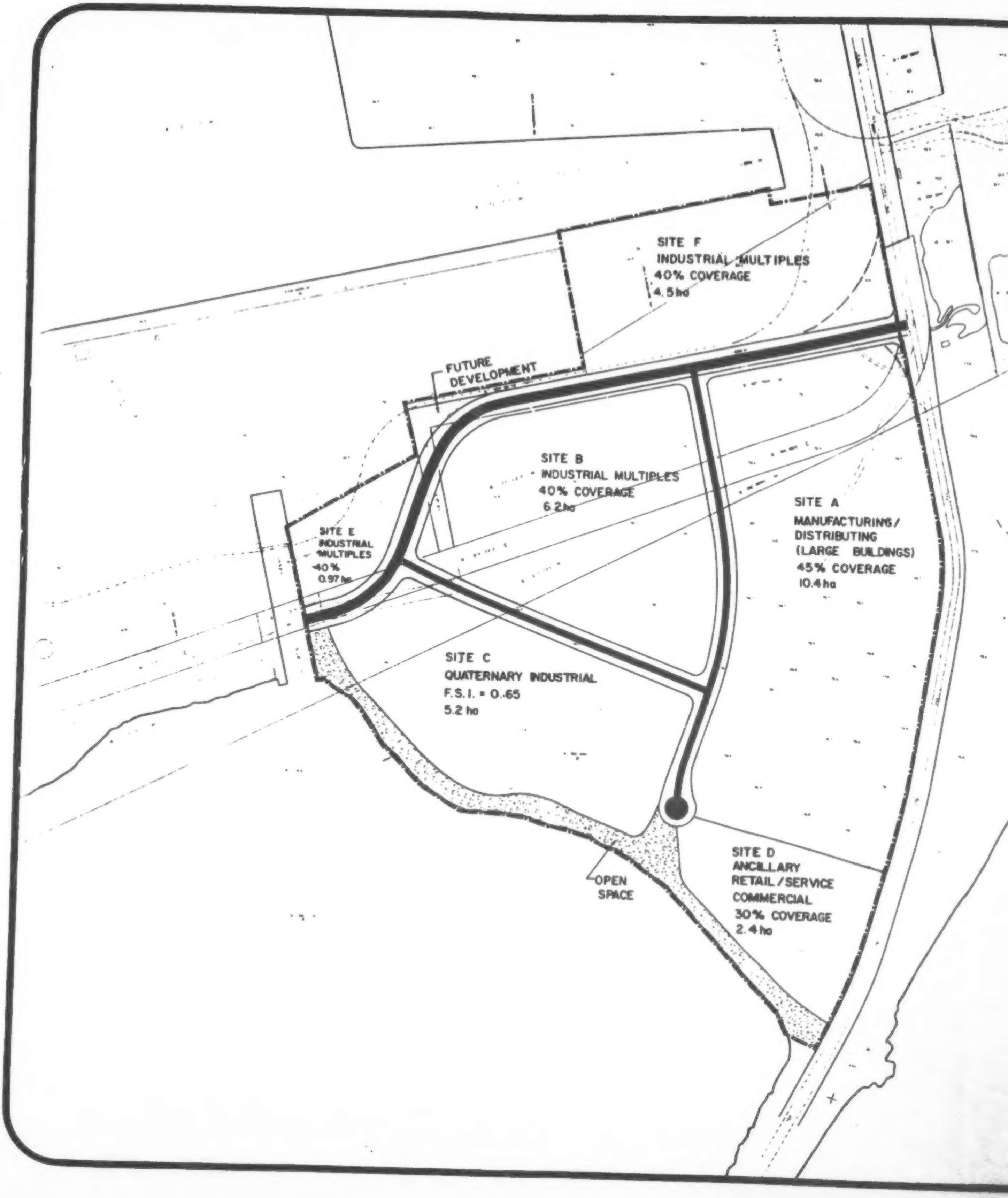
| USE | SITE AREA | COVERAGE | G.F.A. |
|---|---|---|---|
| Manufacturing/ Distribution | 10.4 ha. | 45% | 46,800 m2<br>(503,775 sq.ft.) |
| Industrial Multiples | 11.7 ha. | 40% | 46,680 m2<br>(502,450 sq.ft.) |
| Quaternary Industrial | 5.2 ha. | F.S.I. = 0.65 | 33,800 m2<br>(363,800 sq.ft.) |
| Ancillary Retail/ Service Commercial | 2.4 ha. | 30% | 7,200 m2<br>(77,500 sq.ft.) |

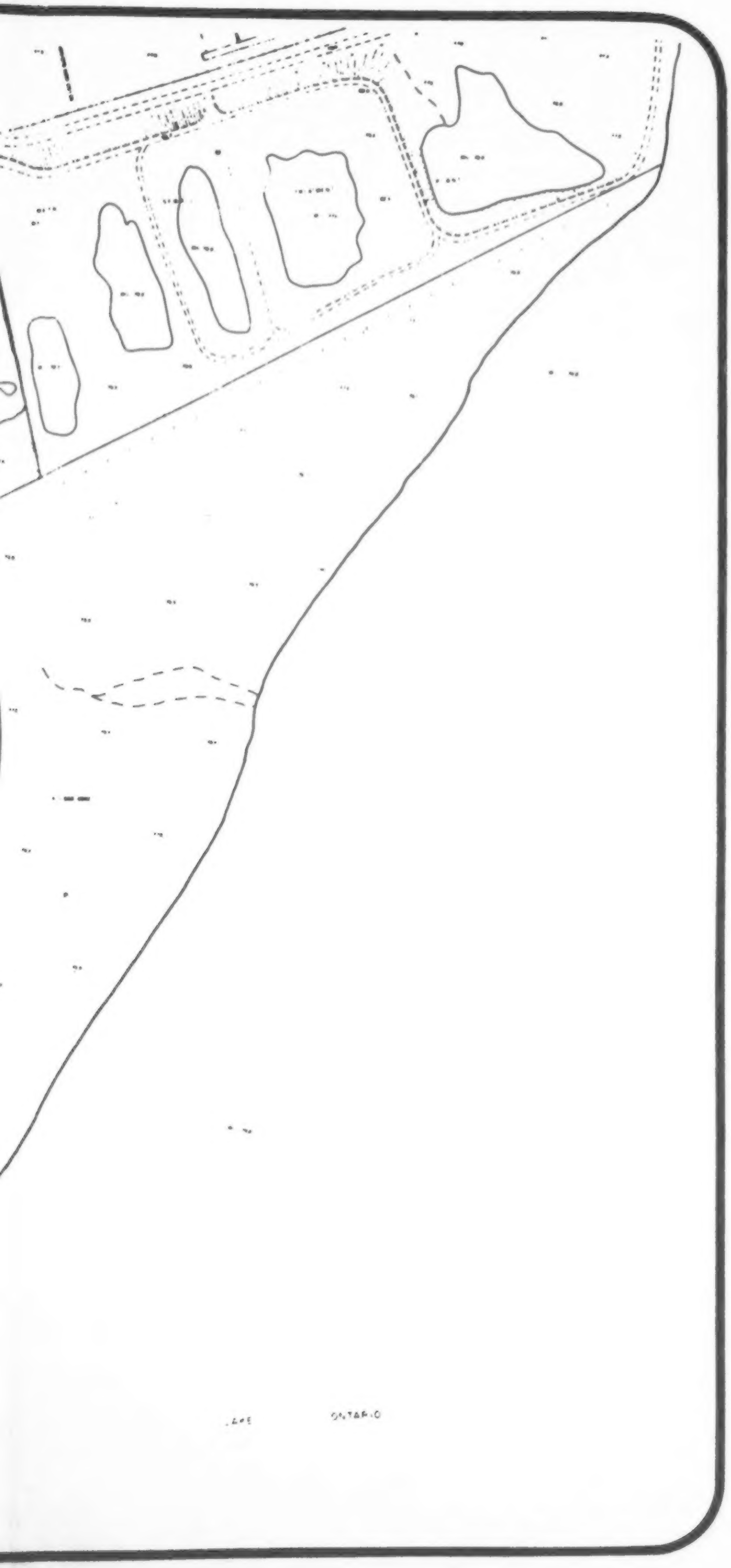
## LEASE UP ASSUMPTIONS

| | YEAR 1 (SQ. FT.) | YEAR 2 (SQ. FT.) | YEAR 3 (SQ. FT.) |
|---|---|---|---|
| **Manufacturing/Distribution** | | | |
| Greater than 100,000 sq. ft. | 100,000 | 80,000 | 31,130 |
| 20,000 to 100,000 sq. ft. | 100,000 | 120,000 | 72,640 |
| **Multiple Tenant Industrial** | | | |
| Less than 10,000 sq. ft. | | | |
| (low portion finished) | 50,000 | 80,000 | 46,000 |
| (high portion finished) | 100,000 | 20,000 | 5,000 |
| Greater than 10,000 sq. ft. | | | |
| (low portion finished) | 50,000 | 100,000 | 46,000 |
| (high portion finished) | | | 5,000 |
| **Quaternary Industrial** | | 180,000 | 184,000 |
| **Ancillary Retail/Service Commercial** | 30,000 | 30,000 | 17,500 |

Estimated Number of Employees Upon Completion - 2,682

Estimated Annual Tax Revenue Completion - $3,297,000.00

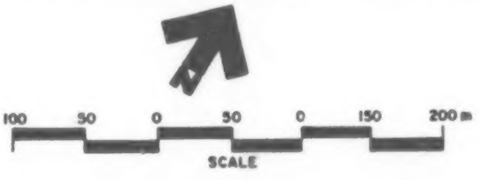

SITE F
INDUSTRIAL MULTIPLES
40% COVERAGE
4.5 ha
FUTURE DEVELOPMENT
SITE B
INDUSTRIAL MULTIPLES
40% COVERAGE
6.2 ha
SITE A
MANUFACTURING/
DISTRIBUTING
(LARGE BUILDINGS)
45% COVERAGE
10.4 ha
SITE E
INDUSTRIAL
MULTIPLES
40%
0.97 ha
SITE C
QUATERNARY INDUSTRIAL
F.S.I. = 0.65
5.2 ha
OPEN SPACE
SITE D
ANCILLARY
RETAIL / SERVICE
COMMERCIAL
30% COVERAGE
2.4 ha



# CONCEPT 4

- **MANUFACTURING/DISTRIBUTION (45% COVERAGE)**
  **SITE A**
  - Gross Area - 10.4 ha
  - Potential Building G.F.A. - 46,800 m$^2$ (503,775 ft.$^2$)
  - On-site Parking @ 1 Space/1000 ft.$^2$ - 504
- **INDUSTRIAL MULTIPLES (40% COVERAGE)**
  **SITES B,E,F**
  - Gross Area - 11.7 ha
  - Potential Building G.F.A. 46,680 m$^2$ (502,650 ft.$^2$)
  - On-site Parking @ 2 Spaces/1000 ft.$^2$ - 1,005
- **QUATERNARY INDUSTRIAL (F.S.I. = 0.65)**
  **SITE C**
  - Gross Area - 5.2 ha
  - Potential Building G.F.A. - 33,800 m$^2$ (363,800 ft.$^2$)
  - On-site Parking @ 3 Spaces/1000 ft.$^2$ - 1,092
- **ANCILLARY RETAIL/SERVICE COMMERCIAL (30% COVERAGE)**
  **SITE D**
  - Gross Area - 2.4 ha
  - Potential Building G.F.A. - 7,200 m$^2$ (77,500 ft.$^2$)
  - On-site Parking @ 5.5 Spaces/1000 ft.$^2$ - 426
- **ROAD LENGTH**
  - 26 m R.O.W. 734 m (1.9 ha)
  - 20 m R.O.W. 783 m (1.6 ha)
- **OPEN SPACE - 1.5 ha**
- **FUTURE DEVELOPMENT - 0.24 ha**

# OUTER HARBOUR BUSINESS PARK



Proctor & Redfern
Limited

45 Green Belt Drive
Don Mills Ontario
M3C 3K3 (416) 445 3600

**MAP 10**

E.O. No 84213
Scale 1:2000
Date JUNE 1985

## CONCEPT 5

Concept 5 envisions a wide range of industrial and industrially related land uses including Manufacturing/Distribution, Marine Related Service Industrial, Industrial Multiples, Quaternary Industrial and Ancillary Retail/Service Commercial.

### Physical Description

- Site A, adjacent to Leslie Street, is proposed for larger Manufacturing/Distribution uses to provide an "edge" to the easterly side of the business park and buffer the balance of the park from the Leslie Street extension. A coverage approaching 45% is anticipated with truck access being from the rear off the Leslie Street extension.

- Sites B and E are proposed for Industrial Multiple use with a coverage of approximately 40%.

- Site C includes approximately 5.2 ha. of waterfront lands for Quaternary Industrial uses in multi-storey buildings with a floor space index of up to 0.65. In this location, the more intensive use can take advantage of the amenities of this location and provide a very attractive setting for these higher order industrial uses. The primary orientation of the buildings would be towards the lake and the proposed marina.

- Site D is again proposed for Ancillary Retail/Service Commercial use near the proposed marina at a coverage of approximately 30%. In this location, the development would serve the daily commercial needs of the business park and the weekend and evening needs of the marina and Aquatic Park.

- 4.5 ha. of land adjacent to the Leslie Street Slip (Site F) north of the service road, are proposed for Marine Related Service Industrial use. The placing of this use in this location utilizes the existing dockwall. The required outside storage/work area would be relatively simple to buffer from other uses in the business park. However, this use in this location will require more extensive operation of the Cherry Street lift bridge (i.e. additional operational costs up to $100,000/year) and may cause traffic operations problems at the bridge.

| USE | SITE AREA | COVERAGE | G.F.A. |
|---|---|---|---|
| Manufacturing/ Distribution | 10.4 ha. | 45% | 46,800 m2<br>(503,775 sq.ft.) |
| Industrial Multiples | 7.2 ha. | 40% | 32,270 m2<br>(347,310 sq.ft.) |

| USE | SITE AREA | COVERAGE | G.F.A. |
|---|---|---|---|
| Quaternary Industrial | 5.2 ha. | F.S.I. = 0.65 | 38,800 m2<br>(363,800 sq.ft.) |
| Marine Related Service Industrial | 4.5 ha. | N/A | 5,575 m2<br>(60,000 sq.ft.) |
| Ancillary Retail/ Service Commercial | 2.4 ha. | 30% | 7,200 m2<br>(77,500 sq.ft.) |

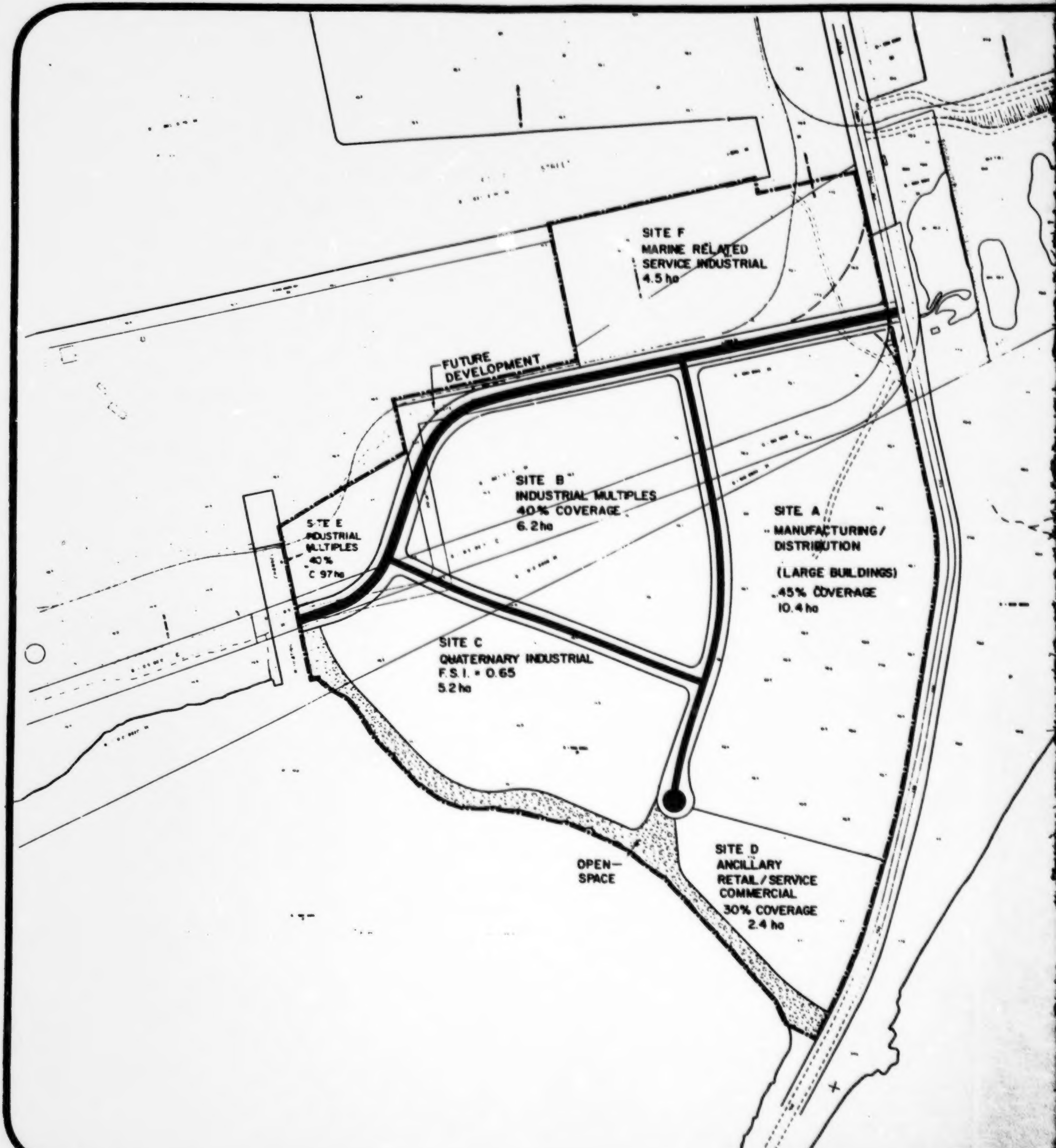
## VARIATIONS IN LEASE UP ASSUMPTIONS RELATIVE TO SCENARIO 4

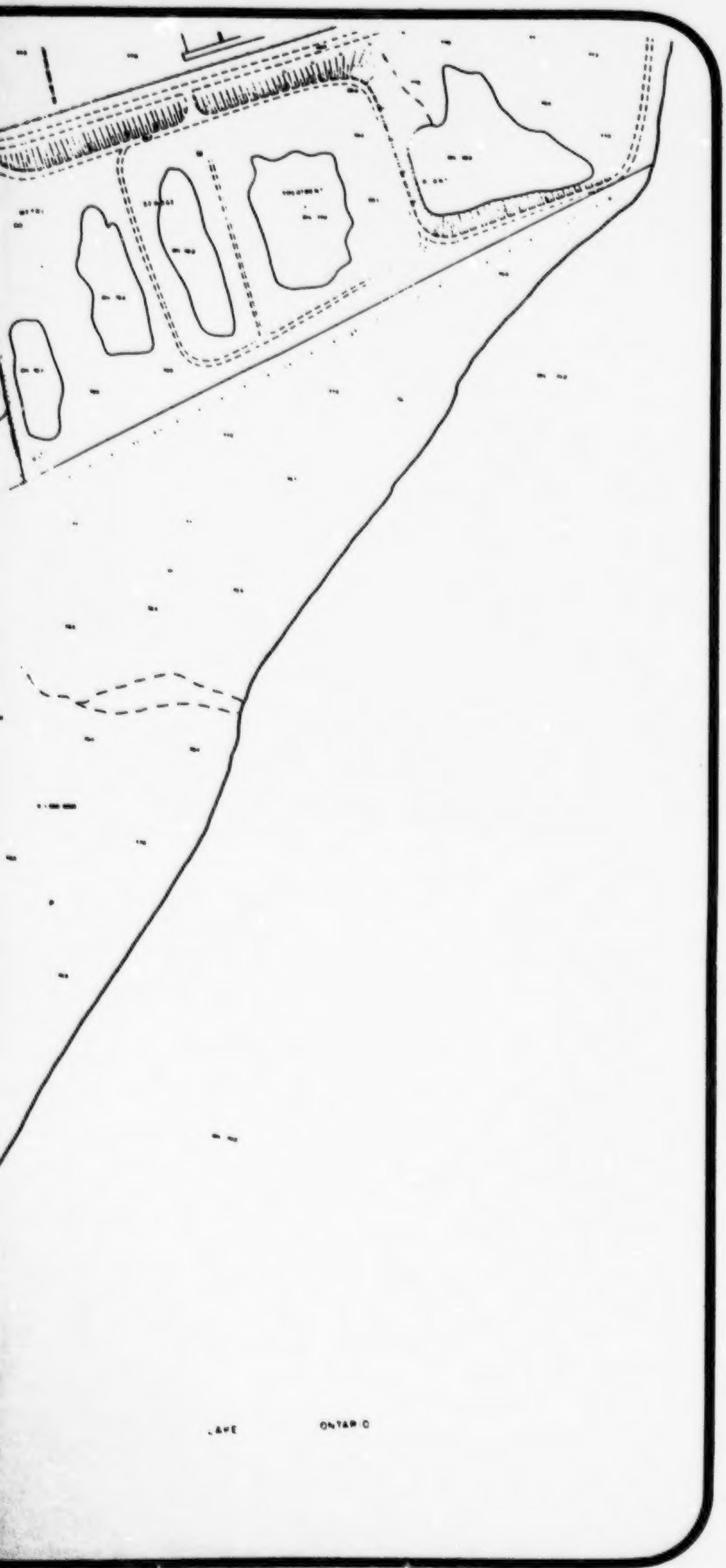
|  | YEAR 1 (SQ. FT.) | YEAR 2 (SQ. FT.) | YEAR 3 (SQ. FT.) | YEAR 4 (SQ. FT.) |
|---|---|---|---|---|
| Multiple Tenant Industrial |  |  |  |  |
| Less than 10,000 sq. ft. |  |  |  |  |
| (low portion finished) | 50,000 | 59,000 |  |  |
| (high portion finished) | 100,000 | 15,000 |  |  |
| Greater than 10,000 sq. ft. |  |  |  |  |
| (low portion finished) | 50,000 | 74,000 |  |  |
| (high portion finished) |  |  |  |  |

| | YEAR 1<br>(SQ. FT.) | YEAR 2<br>(SQ. FT.) | YEAR 3<br>(SQ. FT.) | YEAR 4<br>(SQ. FT.) |
|---|---|---|---|---|
| Marine Related Service Industrial | | | 40,000 | 20,000 |

Estimated Number of Employees Upon Completion - 2,462

Estimated Annual Tax Revenue Upon Completion - $3,107,000.00

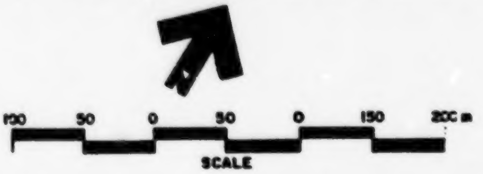

SITE F
MARINE RELATED
SERVICE INDUSTRIAL
4.5 ha
FUTURE
DEVELOPMENT
SITE B
INDUSTRIAL MULTIPLES
40% COVERAGE
6.2 ha
SITE E
INDUSTRIAL
MULTIPLES
40%
0.97 ha
SITE A
MANUFACTURING/
DISTRIBUTION
(LARGE BUILDINGS)
45% COVERAGE
10.4 ha
SITE C
QUATERNARY INDUSTRIAL
F.S.I. = 0.65
5.2 ha
OPEN-
SPACE
SITE D
ANCILLARY
RETAIL/SERVICE
COMMERCIAL
30% COVERAGE
2.4 ha



# CONCEPT 5

- **MANUFACTURING/DISTRIBUTION (65% COVERAGE)**
  **SITE A**
  - Gross Area - 10.4 ha
  - Potential Building G.F.A. - 46,800 m$^2$ (503,775 ft.$^2$)
  - On-site Parking @ 1 Space/1000 ft.$^2$) - 504
- **MARINE RELATED SERVICE INDUSTRIAL**
  **SITE F**
  - Gross Area - 4.5 ha
  - Potential Building G.F.A. 5,575 m$^2$ (60,000 ft.$^2$)
  - On-site Parking @ 1 Space/1000 ft.$^2$ - 60
- **INDUSTRIAL MULTIPLES (40% COVERAGE)**
  **SITES B, E**
  - Gross Area - 7.2 ha
  - Potential Building G.F.A. 32,270 m$^2$ (347,310 ft.$^2$)
  - On-site Parking @ 2 Spaces/1000 ft.$^2$ - 694
- **QUATERNARY INDUSTRIAL (F.S.I. = 0.65)**
  **SITE C**
  - Gross Area - 5.2 ha
  - Potential Building G.F.A. - 33,800 m$^2$ (363,800 ft.$^2$)
  - On-site Parking @ 3 Spaces/1000 ft.$^2$ - 1,092
- **ANCILLARY RETAIL/SERVICE COMMERCIAL (30% COVERAGE)**
  **SITE D**
  - Gross Area - 2.4 ha
  - Potential Building G.F.A. - 7,200 m$^2$ (77,500 ft.$^2$)
  - On-site Parking @ 5.5 Spaces/1000 ft.$^2$ - 426
- **ROAD LENGTH**
  - 26 m R.O.W. 734 m (1.9 ha)
  - 20 m R.O.W. 783 m (1.6 ha)
- **OPEN SPACE - 1.5 ha**
- **FUTURE DEVELOPMENT - 0.29 ha**

# OUTER HARBOUR BUSINESS PARK



Proctor & Redfern
Limited

45 Green Belt Drive
Don Mills, Ontario
M3C 3K3 (416)445-3600

**MAP 11**

E.O. No. 84213
Scale 1:2000
Date JUNE [illegible]

## CONCEPT 6

The final development concept analyzed is similar to Concept 5, however, the location of the Marine Related Service Industrial uses has been changed to place it in closer proximity to the proposed marina.

### Physical Description

- Site A is proposed for Manufacturing/Distribution uses at a coverage of 45% but it is reduced slightly in area to accommodate the re-location of the Marine Related Service Industrial uses.
- Site B, E and F are designated for Industrial Multiple use. Site F, adjacent to the dockwall along the Leslie Street Slip may accommodate some specialized industrial uses which could take advantage of the dockwall facility.
- Site C remains designated for approximately 5.2 ha. of Quaternary Industrial uses.

- Site F adjacent to the proposed marina has been shown as a smaller area of Marine Related Service Industrial uses. In this location, outside storage would have to be sensitively treated to screen it from the balance of the proposed business park, particularly the adjacent Quaternary uses, to ensure that the former does not negatively impact on the marketability of the latter. In addition, the construction of a short length of dockwall would be required to accommodate boat lift-out facilites.

- Site D (Ancillary Retail/Service Commercial) has been re-located slightly northward but remains the same size as in other concepts by absorbing some of the land previously designated for Manufacuring/Distribution use. Re-location of the use away from the waterfront may reduce the design opportunites of the development; however, it is anticipated that it could still provide good service to both the business park and the marina/Aquatic Park.

| USE | SITE AREA | COVERAGE | G.F.A. |
|---|---|---|---|
| Manufacturing/ Distribution | 9.4 ha. | 45% | 42,300 m2<br>(455,300 sq.ft.) |
| Industrial Multiples | 11.7 ha. | 40% | 46,680 m2<br>(502,460 sq.ft.) |
| Quaternary Industrial | 5.2 ha. | F.S.I. = 0.65 | 33,800 m2<br>(353,800 sq.ft.) |
| Marine Related Service Industrial | 1.2 ha. | N/A | 1,850 m2<br>(20,000 sq.ft.) |
| Ancillary Retail/ Service Commercial | 2.4 ha. | 30% | 7,200 m2<br>(77,500 sq.ft.) |

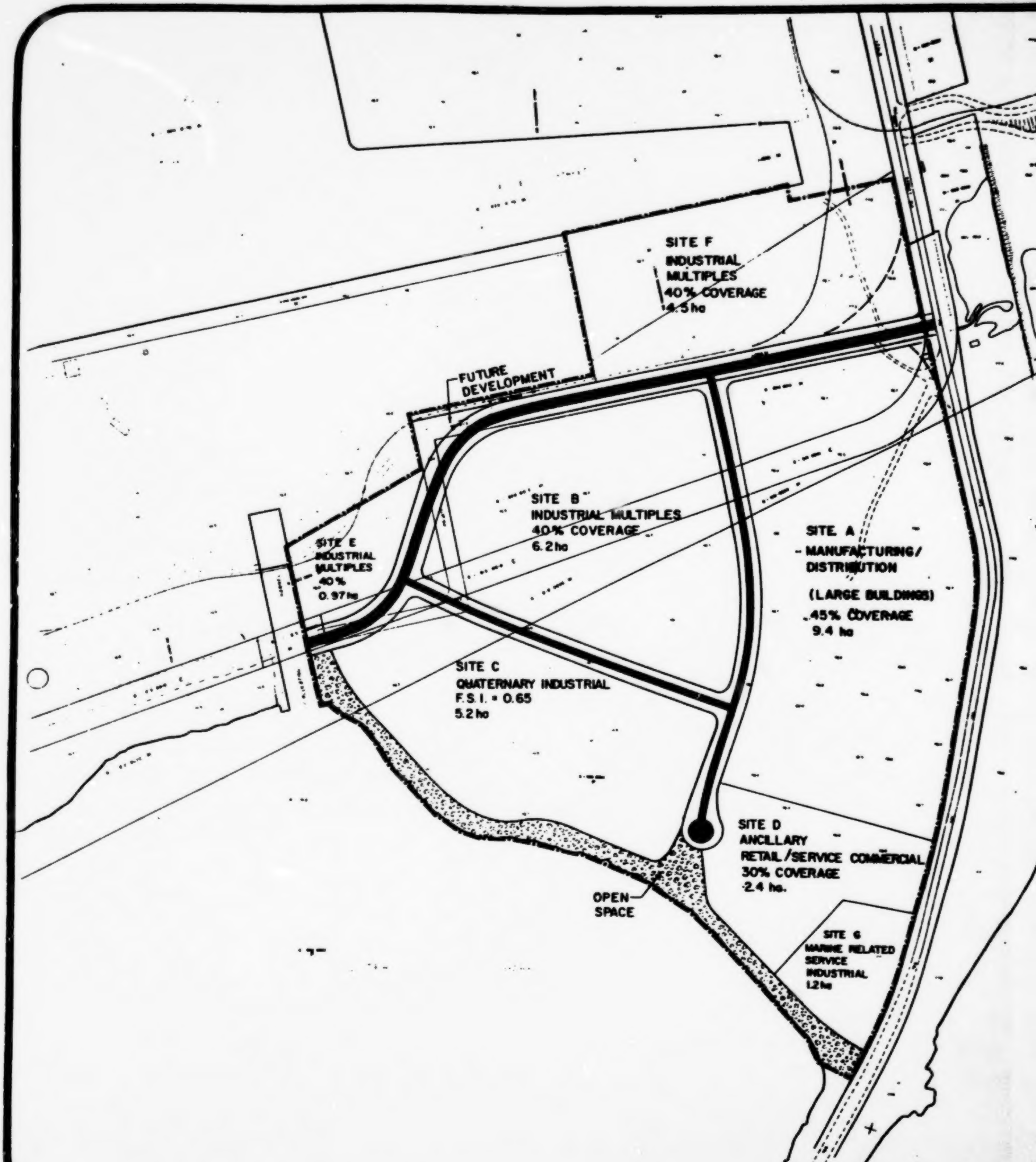
## VARIATIONS IN LEASE UP ASSUMPTIONS RELATIVE TO SCENARIO 4

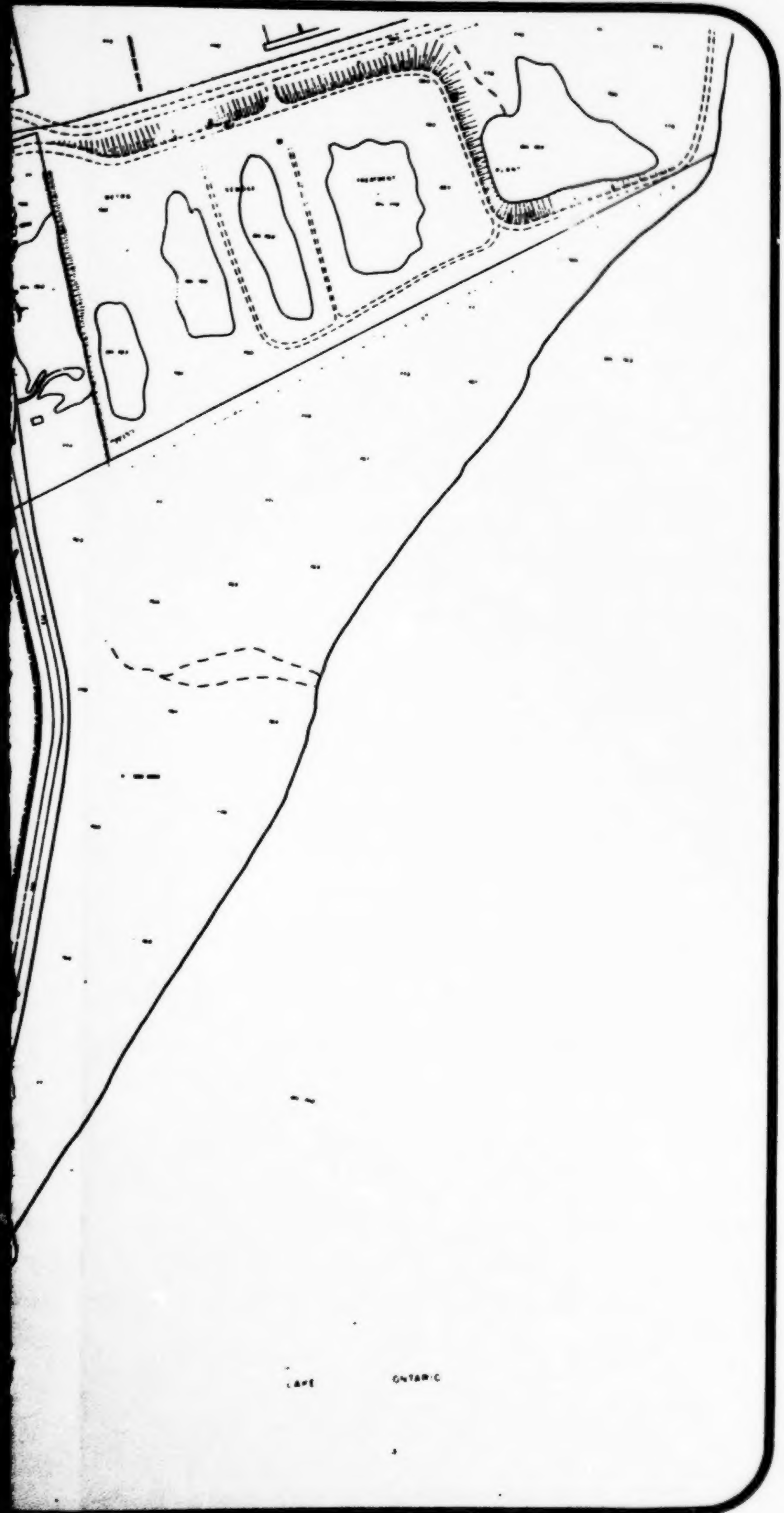
|  | YEAR 1 (SQ. FT.) | YEAR 2 (SQ. FT.) | YEAR 3 (SQ. FT.) | YEAR 4 (SQ. FT.) |
|---|---|---|---|---|
| **Manufacturing/Distribution** |  |  |  |  |
| over 100,000 sq. ft. | 100,000 | 80,000 | 13,600 |  |
| 20,000 to 100,000 sq. ft. | 100,000 | 120,000 | 31,800 |  |

| | YEAR 1 (SQ. FT.) | YEAR 2 (SQ. FT.) | YEAR 3 (SQ. FT.) | YEAR 4 (SQ. FT.) |
|---|---|---|---|---|
| Marine Related Service | | | | |
| Industrial | | | 20,000 | |

Estimated Number of Employees Upon Completion - 2,646

Estimated Annual Tax Revenue Upon Completion - $3,242,000.00

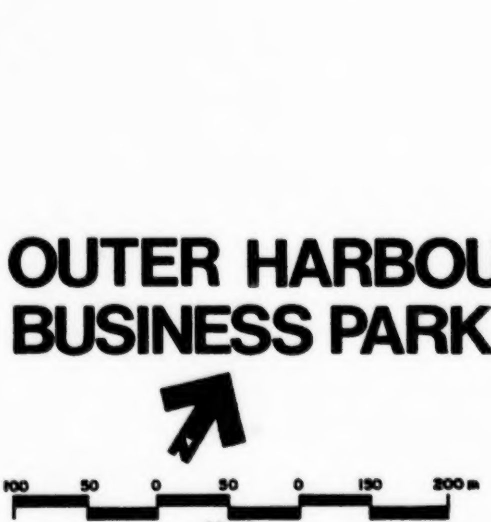

SITE F
INDUSTRIAL MULTIPLES
40% COVERAGE
4.5 ha
FUTURE DEVELOPMENT
SITE B
INDUSTRIAL MULTIPLES
40% COVERAGE
6.2 ha
SITE E
INDUSTRIAL MULTIPLES
40%
0.97 ha
SITE A
MANUFACTURING/ DISTRIBUTION
(LARGE BUILDINGS)
45% COVERAGE
9.4 ha
SITE C
QUATERNARY INDUSTRIAL
F.S.I. = 0.65
5.2 ha
SITE D
ANCILLARY
RETAIL/SERVICE COMMERCIAL
30% COVERAGE
2.4 ha.
OPEN SPACE
SITE G
MARINE RELATED SERVICE INDUSTRIAL
1.2 ha



# CONCEPT 6

- **MANUFACTURING/DISTRIBUTION (65% COVERAGE)**
  **SITE A**
  - Gross Area - 9.4 ha
  - Potential Building G.F.A. - 42,300 m2 (455,300 ft.2)
  - On-site Parking @ 1 Space/1000 ft.2) - 455
- **MARINE RELATED SERVICE INDUSTRIAL**
  **SITE G**
  - Gross Area - 1.2 ha
  - Potential Building G.F.A. 1,850 m2 (20,000 ft.2)
  - On-site Parking @ 1 Space/1000 ft.2 - 20
- **INDUSTRIAL MULTIPLES (40% COVERAGE)**
  **SITES B,E,F**
  - Gross Area - 11.7 ha
  - Potential Building G.F.A. 46,680 m2 (502,460 ft.2)
  - On-site Parking @ 2 Spaces/1000 ft.2 - 1,005
- **QUATERNARY INDUSTRIAL (F.S.I. = 0.65)**
  **SITE C**
  - Gross Area - 5.2 ha
  - Potential Building G.F.A. - 33,800 m2 (363,800 ft.2)
  - On-site Parking @ 3 Spaces/1000 ft.2 - 1,092
- **ANCILLARY RETAIL/SERVICE COMMERCIAL (30% COVERAGE)**
  **SITE D**
  - Gross Area - 2.4 ha
  - Potential Building G.F.A. - 7,200 m2 (77,500 ft.2)
  - On-site Parking @ 5.5 Spaces/1000 ft.2 - 426
- **ROAD LENGTH**
  - 26 m R.O.W. 734 m (1.9 ha)
  - 20 m R.O.W. 783 m (1.6 ha)
- **OPEN SPACE - 1.5 ha**
- **FUTURE DEVELOPMENT - 0.29 ha**

# OUTER HARBOUR BUSINESS PARK



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MAP 12

E.O. No 84215
Scale 1:2000
Date JUNE [illegible]

## 8.5 Summary

Exhibit 15 summarizes the economic aspects of each scenario.

The risk assessment for each scenario has been based upon the number of markets that each scenario is targeting upon. The greater the number of target markets, the lower the risk. The risk has been assessed as moderate for Scenario 5 because the likelihood of attracting three marine industry operators is regarded as low.

Scenarios 4 and 6 appear to be most able to fulfill the goals and objectives of both the Toronto Harbour Commissioners and the City of Toronto.

Both scenarios target on a wide variety of users, and are quite successful in generating employment, tax revenues, and land value. Through the provisions of larger Manufacturing/Distribution space, they will also assist in maintaining existing industries in the City of Toronto.

EXHIBIT #

## SCENARIO MATRIX

| | SCENARIO I | SCENARIO II | SCENARIO III | SCENARIO IV | SCENARIO V | SCENARIO VI |
|---|---|---|---|---|---|---|
| GROSS FLOOR AREA OF BUILDINGS IN SQ. FT. | 1,436,600 | 1,251,600 | 1,391,550 | 1,447,525 | 1,352,385 | 1,419,060 |
| USE | Manufacturing/<br>Distribution | Industrial<br>Multiples<br>Ancillary Retail<br>Service Commercial | Industrial<br>Multiples<br>Quaternary Industrial<br>Ancillary Retail<br>Service Commercial | Manufacturing/<br>Distribution<br>Industrial Multiples<br>Quaternary Industrial<br>Ancillary Retail/<br>Service Commercial | Manufacturing/<br>Distribution<br>Industrial Multiples<br>Quaternary Industrial<br>Ancillary Retail/<br>Service Commercial<br>Marine Related<br>Industrial | Manufacturing<br>Distribution<br>Industrial<br>Multiple<br>Ancillary<br>Retail/<br>Service<br>Commercial<br>Marine<br>Related<br>Industrial |
| DEVELOPMENT TIME | 5 Years | 4 Years | 4 Years | 3 Years | 4 Years | 3 Years |
| RISK | High | High | Moderate | Low | Moderate | Low |
| EMPLOYMENT | 2,050 | 2,275 | 2,724 | 2,682 | 2,462 | 2,646 |
| TAX REVENUE | $2.69 Million | $2.78 Million | $3.23 Million | $3.30 Million | $3.12 Million | $3.24 Million |
| SATISFACTION OF GOALS | Low | Moderate | Moderate | High | Moderate | High |
| COMMENTS | | | | | Assumed rents for marine industries may be quite high also question ability to support three marine service operations | Assumed rent for marine industry may be quite high |

## SECTION 9 - DEVELOPMENT CONSIDERATIONS, ZONING AND DESIGN GUIDELINES

### 9.1 General

The Central Waterfront Plan, final recommendations, March 1984, discusses the uses existing and proposed in the Port Industrial District. In essence, it proposes:

a) To retain and strengthen the area for heavy industry, port related uses and light industry (Pg. 62, Section 3.5).

b) To permit the continued use and necessary expansion of any existing heavy industrial use on its existing lot (Pg. 64).

c) To designate vacant land and sites suitable for redevelopment as "General Industrial Areas" in which "vacant land and sites suitable for redevelopment, are to be designated as General Industrial Areas in which Council will seek to ensure the accommodation of new and relocating high employment industries" (Pg. 97, Section 5.A.32c).

d) To determine after the completion of this report, whether certain warehousing and storage uses should be permitted in the subject industrial park. (Pg. 66, Section 3.4.2).

e) To permit a relatively wide range of related and service commercial uses with a limitation on the size of restaurants (Pg. 69).

f) To permit, if required, upon the completion of this report, additional commercial office uses which legitimately serve industry in a specific location within the industrial park (Pg. 69).

g) Important recreation amenities are to be preserved and potential recreation amentities are to be developed (Pg. 97, Section 5.A.32d).

h) To require a recreation corridor extending from Cherry Beach to the base of the Leslie Street Spit (Pg. 69-70)??? subject to its being relocated if shipping uses require water frontage (Pg. 72).

In Section 5.A.33 (Pg. 97) it is proposed as policy to make the Port Industrial District more attractive to a wide range of industries, particularly high employment industries by, among other things:

"a) undertaking actions such as landscaping and street improvements, securing parks and harbour viewing areas, and encouraging similar private initiatives;

b) limiting the designation of Heavy Industrial Areas in accordance with Map 1C;

c) passing by-laws to allow an expanded range of retail uses in parts of the Port Industrial District, in order to serve the daily needs of people working there and using nearby recreation areas;

d) encouraging the provision of improved public transit to the Port Industrial District;

e) encouraging the Toronto Harbour Commissioners, subject to Section 5.A.5(a), 5.A.16(a) and 5.A.34, to make land available for high employment industrial uses;

f) ensuring, by the exercise of its available powers and in co-operation with other levels of government, where necessary, that industries achieve a high standard of performance in terms of appearance, landscaping and environmental protection";

It is clear that the proposed business park will be adjacent to, although not surrounded by, heavy industry. Access to the park will be past heavy industrial uses. Many of the nearby existing and permitted heavy industrial uses are, and will continue to be so large that they cannot be screened from view. Despite the best efforts of the City and the Toronto Harbour Commissioners, many existing and permitted heavy industrial uses cannot and/or will not become aesthetically pleasing.

If the proposed business park is to succeed, it will thus be necessary to:

a) Make the main access to the park (Leslie Street) as attractive as possible.

b) Provide and require within the park a high standard of design, construction and maintenance for sites and buildings.

c) Ensure that the existing and future attractive features of the area are capitalized upon to the fullest extent possible, i.e. the proposed parkland to the east of Leslie Street, the proposed marina to the south and the parkland of the Outer Harbour Headland.

d) Ensure that planting and other landscape devices are utilized to the maximum extent possible so as to enhance the business park site itself and provide a buffer that will screen surrounding, less visibly satisfactory establishments.

The Official Plan, as noted above, addresses "visual" matters in Section 5.A.33 a) and f).

To implement this policy:

a) The City proposes to designate the land east of Leslie Street as waterfront parkland. It will be necessary for the City and Metro to agree on a detailed design plan for the land and allocate funds for its development and maintenance and then carry out the works. It will be highly desirable for the land to be at least graded and generally tidied up at an early date so that the proposed business park is not adjacent to this largely unkept area.

b) The City proposes to secure a park link on the Outer Harbour Shore. It will be necessary for the City and THC to agree on the land to be allocated for this link, what improvements will be made, and who will pay for improvements.

c) Leslie Street will be the principal entrance to the business park. Therefore, as soon as possible, street improvements, including landscaping should be made to it so that potential purchasers and/or lessees approach the buildings along an attractive route.

d) The development of the streets and lots in the business park should be designed, constructed and maintained to a high standard.

e) A master landscaping plan for the business park will be necessary so that optimum use can be made of excavated material to create berms and other features, grades can be established and plant material can be inserted quickly so that it matures at the earliest possible date.

f) Landscape and other design controls should be established and implemented to ensure that the master landscape and other plans are followed.

g) Outside storage should not be permitted except in restricted areas designated specifically for marine or related uses and then only if such storage can be adequately screened so that it does not have a negative impact on the balance of the business park.

## 9.2 Zoning

Depending upon the combination of uses the City and the Harbour Commissioners decide are most appropriate for the site, amendments may have to be made to the existing I3D3 zoning in order to accommodate the quaternary industrial and ancillary retail/service commercial uses contemplated in all the concepts except Concept 1. Such amendments would primarily be concerned with broadening or changing the permitted uses to a more intensive nature in certain specified areas based on the particular design scenario chosen. Beyond that, it is recommended that rigid zoning standards be kept to a minimum to maintain flexibility and that the City exercise control through the development control provisions of Section 40 of the Planning Act to deal with the specific details of individual sites, in general accordance with a set of design guidelines as outlined in a conceptual form in a following section.

In addition, guidelines for the exercise of development control should be worked out in detail and made available to prospective purchasers and lessees so that delays and what may be seen as unnecessary "red tape" are eliminated.

Authority for approval of site plans should be given to City staff and not be referred to Committees and Council for approval except in the case of disagreement. A master landscape plan and urban design plan should be prepared for the entire business park within which both the Toronto Harbour Commissioners and industries will work. This should include site work, plant material, grades, site drainage, signage, street furniture, building massing and general building materials.

Finally, a clear set of guidelines for the design, construction and maintenance of sites and buildings should be developed and made available to prospective purchasers and lessees.

## 9.3 Preliminary Conceptual Design Guidelines

Development proposals within the Outer Harbour Business Park should reflect a high standard of building design, landscape and streetscape. In addition, they should ensure that development is compatible with the waterfront context, emerging recreational activities and the need for high standards of environmental protection.

To assist in meeting these objectives, it is suggested that guidelines similar to those which follow be recognized through the zoning and/or site plan approval process and be required of any development proposal:

a) High standards of landscaping, as well as adequate off-street parking and loading, sign control, screening, buffering, etc, should be required.

b) Existing natural amenities, particularly the Outer Harbour shoreline should be protected and recognized as opportunities for superior urban design. They should be incorporated with development in a manner which will not impair, but will capitalize, on their visual and ecological value.

c) Views of the Outer Harbour and Lake Ontario should be protected where possible.

d) The overall visual character of the area should be that of a high quality business park.

e) Buildings and streetscapes should be designed to create a sense of identity through sensitive and coordinated treatment of architectural features, forms, massing, scale, site layout, signage, orientation and landscaping.

f) Unique building and site planning solutions should be encouraged, particularly along the Outer Harbour shoreline, at the intersection of Leslie Street with the service road, and along Leslie Street between the service road and the proposed marina.

g) Landscaping should be provided to define and enhance the appearance of roads and public open space; buffer dissimilar land uses within the area; buffer the entire business park from surrounding land uses; minimize the visual impact of parking and loading areas; define pedestrian and vehicular routes; shelter and enhance outdoor pedestrian areas; provide summer shade and protection from winter winds and coordinate the street and development image.

h) Outside storage of goods or materials should be strictly limited to one particular area and effectively be screened from the balance of the business park.

i) No use that is likely to cause air pollution, odour, water pollution or excessive noise should be permitted.

j) Coordinated fencing and signage should be required not only for security and safety, but also to assist in promoting a coordinated visual impression.

k) High standards of building design and appearance should be required and all undeveloped parts of lots should be landscaped consistent with the intended prestige image of the business park.

l) The exterior facades of buildings should be consistent and compatible with the existing streetscape as well as adjacent buildings and should reflect the natural features/opportunities inherent at the particular location of the building within the business park.

m) Particular attention should be given to the appearance of parking and loading areas with landscape elements used to provide visual relief and a more pleasing environment.

n) All parking and loading areas should be paved.

o) All refuse storage should be fully enclosed.

## SECTION 10 - DEVELOPMENT MECHANICS AND PRELIMINARY MARKETING PLAN

### 10.1 Introduction

One of the major factors that will dictate the economic, market and political viability of the future development of the proposed Outer Harbour Business Park is the manner and the mechanics by which the property is developed and sold or leased. This section of the study outlines several alternative mechanisms for the development and marketing of the proposed park and reviews the limitations and benefits of each.

At the present time, the proposed park is largely unserviced and considerable capital expense is required to provide serviced lots which are ready for construction. As indicated in the market overview section of this report, the Greater Toronto Area is significantly over supplied with regards to the supply of serviced and unserviced lands. In addition the port area is in a relatively poor market position in the land sale market as a result of its location and the character of adjacent uses.

The land sale market is not only exceedingly soft but is also quite narrow. Industrial land sales are generally limited to major companies and developers who have the capital and expertise required to finance and construct buildings. In order for the proposed park to be successful, the project should ultimately focus on the rental market and not be oriented solely to offering land for sale. This focus on the rental market will significantly increase the size of the potential market which in turn reduces the risk and increases the likelihood of the project being successful. It would appear that speculative construction design/build marketing are required to ensure the project's viability.

## 10.2 Lease vs Sale Review

- The conventional approach to the disposition of land is through its sale. Generally, land leases have been limited to major core locations and/or lands involving institutions.

- Any deviation from the conventional sale approach can result in several complications:
  - Developers and industrialists are less likely to lease land because residual value of real estate is eliminated and capital gain reduced.
  - Lenders are uncomfortable lending on leased land and prefer freehold interest. As a result lenders will generally lend less money on a project on leased land than land which is in freehold tenure.
  - There are difficulties in selling and reselling facilities on leased land.

- Leasing of land is uncommon and will reduce interest in the project considerably.

- The capitalized value of a land lease in the port area is estimated to be at minimum worth 13% to 15% less than the sale value. The reluctance of the market to land leases will require the lease rate to be discounted further by 10% to 15% in order to maintain the same absorption.

- Currently, the policy of both the Harbour Commissioners and the City of Toronto is to lease lands in the Harbour Area. Unless reviewed, this policy may jeopardize the viability of the proposed park. However, if the leasing of the land is the only form of tenure available the term of the leases should be lengthened considerably in order to allow the developer the ability to amortize the cost of the improvements. A term of 25 to 30 years with further options may be adequate.

- The sale of the land could also fulfill the clients' objectives of public access to the lakefront and control of the design and the use of the developed facilities. This could be achieved through a combination of zoning, utilization of restrictive covenants, and by retaining ownership of the lands immediately abutting the shoreline.

- Although leasing the land is not considered to have a broad market appeal or to be the most effective method of encouraging the development of the proposed Outer Harbour Business Park, it could provide an opportunity of reducing the heavy realty tax load of industrial properties in Toronto. If the City had an ownership interest in the property it could consider the tax generated from the project as a component of its return on investment.

- Notwithstanding potential mechanisms to reduce the negative impact of leasing the land, it is recommended that free hold tenure be available.

## 10.3 Disposition Alternatives

The following alternatives address several development and marketing strategies which could satisfy the objective of providing rental space to the identified markets.

### (i) Harbour Commissioners Independently Sell or Lease Lands

The Harbour Commissioners could develop and sell or lease lands in the proposed park on its own. This alternative would require the Harbour Commissioners to service the land at a cost of approximately $3,000,000.00. Implications of this approach are as follows:

- The Harbour Commissioners may not be prepared to make this capital cost expenditure given its present financial position and the risk generally associated with the development of industrial lands.

- In order to compete effectively, speculative building construction would be required. It may not be in the Harbour Commissioners best interest to accept the risk inherent in speculative construction.

- This scenario would position the proposed Outer Harbour Business Park with serviced industrial lands in an oversupplied and competitive land market.

  - The principle factors constraining the Toronto Harbour Commissioners from proceeding alone are the capital cost of servicing the land and the capital required to develop speculative buildings. The Harbour Commissioners will also require additional expertise in the construction and marketing of speculative facilities and adjustments in the decision making structure.

### (ii) The City of Toronto Assists by Providing the Servicing

- The City could become involved as a key participant in encouraging the development of the project by assisting with servicing costs. The City could rationalize their involvement since the annual tax revenue received by the City from the project upon completion, should exceed the entire capital cost of the servicing.

- The City would likely require its employment and tax revenue objectives to be realized in order to justify the expenditure for servicing.

- The City could service the property utilizing local improvement charges. This vehicle would significantly increase the operating costs to the tenants, reduce rents and increase the absorption time. As a result, underlying property values would decline.

- The provision of the servicing by the City reduces the Harbour Commissioners' risk in the project and generates additional revenue for the municipality to allow it to recoup its investment over time.

### (iii) Package Sale to Single Developer

- The Harbour Commissioners could choose the least risk alternative by selling the entire project outright to a single developer or user industry. With this option, it is likely that the Harbour Commissioners and the City of Toronto would have to relinquish considerable control of the project to the purchaser.

- The uses of the lands and level of employment would be more at the discretion of the developer industry and could considerably reduce the ability of the project to meet the objectives of both clients.

- It is likely that a single developer or user would discount the value of the project in light of having to bear the cost of servicing and would anticipate a cost saving related to volume discount.

### (iv) The Harbour Commissioners "Joint Venture" with a Developer

- The Harbour Commissioners could joint venture with a developer. This relationship would provide the Harbour Commissioners with the required development, construction and marketing expertise. If servicing was required, the developer would discount the price accordingly. However, the discount would be somewhat less as the Harbour Commissioners would be required to contribute a portion of the servicing costs.

### (v) Joint Venture - Association: Harbour Commissioners - Developer - City

A joint venture or association among all three groups; the Harbour Commissioners, one or more developers and the City may represent a very viable development vehicle to satisfy the objectives of all three participants and bring the development to fruition quickly.

In such an association:

- The Harbour Commissioners would provide the land and receive the optimum price for the land. In addition it would retain ongoing control to ensure the project is of benefit to other harbour lands, the proposed marina and the future of the Toronto Harbour.

- The City would provide the servicing for the proposed park and receive additional tax revenue. Their ongoing involvement in the development of the proposed park could enable them to ensure that; employment objectives are attained, the proposed park is of benefit in encouraging existing industry to remain in the City and for new businesses to locate in the City.

- The developer would provide the capital required to construct buildings. He would also provide the development, construction and marketing expertise to construct speculative buildings. In return, the developer would receive some type of control in offering space to the market, a key location in a major urban market, attractive financing on the land, profit from the construction of the buildings, rental income and the option to obtain more lands.

### Joint Venture Structure

The joint venture or alliance could vary dramatically on any of the following dimensions: control, income, liability, risk and flexibility. The variance of each variable is generally determined through negotiation. An example of a joint venture structure is as follows:

| | Party A | Party B |
|---|---|---|
| Provides: | Land | Development and management expertise and capital required for construction. |
| Income: | Receives a percentage of all revenues proportionate to value of input provided | Receives a percentage of revenues proportionate to value of input provided. |
| Control: | Major decisions, costs exceeding $200,000, require both parties' approval. | All minor decisions, costs under $200,000 made by Party B. |
| Liability: | No contingent liability on financing. | All financing responsibility of Party B. |

Break up of Partnership: By shotgun, whereby Party A could offer to buy Party B's interest. B would then have the option to sell his interest or purchase Party A's interest at the same price.

First rights of refusal by either party upon sale of assets.

The above example can be modified in a number of ways. One common variation is for both parties to assume equal financial exposure. Under this scenario, the Harbour Commission would have the further liability of carrying the debt in the event the building is unsuccessful in generating adequate rent to cover the debt. Also, the pro rata interest between the two parties could be adjusted.

## 10.4 Preliminary Action and Marketing Plan

The Harbour Commissioners and the City should form some type of alliance, possibly a joint venture, with the involvement of a developer to build and market speculative space and design/build projects.

Goal: To market land or space as quickly as possible at the highest possible price.

Objectives:

- To come to an agreement with the City of Toronto to service the proposed park.
- The Harbour Commissioners should establish a format to involve one or more experienced developer/builders who are capable of both speculative and design/build construction.
- Joint venture arrangements to be established and controlled by the Toronto Harbour Commissioners.

- To associate with a developer who will commit to construct 200,000 to 350,000 square feet within 18 months to create the initial critical mass and provide market impact.

- The establishment of the joint venture can be accommodated through one of the following approaches:

  - modified tender
  - directly by the Toronto Harbour Commissioners
  - use of a broker

## Marketing Concept

The marketing concept should be very broad to cover a number of building types, both forms of tenure and accommodate both the sale of land and design/build projects. The three main market targets are itemized below:

1. Speculative Buildings for lease: (Multi Tenant Industrial buildings, Manufacturing/Distribution facilities and Quaternary facilities).

2. Design/build as required for sale or lease.

3. Land sales to Industry.

The broad market approach allows the project to satisfy a number of market niches which will reduce the level of risk and increase the likelihood of success.

# APPENDICES

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# APPENDIX A

## COLDWELL BANKER

## MARKHAM REAL ESTATE SURVEY

Over a period of two and a half months, the Coldwell Banker survey team has collected data on the Markham industrial/commercial business community. Outlined below are some of the salient facts and trends which have come from the survey data.

METHODOLOGY:
- telephone canvass of commercial/industrial companies located in Markham
- survey comprised of 11 questions posed by Coldwell Banker personnel

SCOPE:

Geographic
- all companies contacted are located in buildings north of Steeles Avenue, east of Highway 404 and west of Markham Road

Number of Surveys:
- a total of 500 companies were contacted
- a total of 231 surveys were completed

KEY QUESTIONS ASKED:
- how long has your company been located in Markham?
- what type of business are you in?
- why did you decide to locate in Markham?
- do you find Markham to be a good location for your company?
- where were you located before Markham?

STATISTICAL SIGNIFICANCE:
- the sample size of 231 completed surveys relative to the total universe of 640 companies results in a high degree of confidence in the conclusions.

# MARKHAM SURVEY RESULTS

## How long in Markham?

| | |
|---|---|
| Less than 3 years | 15% |
| 3-5 years | 40% |
| 6-8 years | 23% |
| 9 years and longer | 22% |

## Type of Business?

| | |
|---|---|
| Manufacturing | 40% |
| Service | 28% |
| Distribution | 21% |
| High tech | 7% |
| Other | 4% |

## Reasons for Locating in Markham?

| | |
|---|---|
| Accessibility | 44% |
| Home of C.E.O. | 13% |
| Taxes | 18% |
| Land Price | 4% |
| Rental Rates | 3% |
| Low Rent | 3% |
| Labour | 6% |
| Other | 9% |

## Previous Location?

| | |
|---|---|
| Scarborough | 25% |
| North York | 21% |
| Downtown | 16% |
| New Business | 26% |
| Other | 12% |

## Complaints?

| | |
|---|---|
| Poor bus services | 70% |
| High Rental Rates | 30% |

# MAJOR FINDINGS OF MARKHAM SURVEY

## PREPARED AND CONDUCTED BY COLDWELL BANKER CANADA INC.

### Period in Markham

The survey indicates clearly that the growth of Markham has tailed off over the past three years. Almost half of the businesses in Markham made their decision to locate there 3 to 5 years ago. As lease terms are typically 3 to 5 years in length, it is expected that a considerable number of businesses in the area will be renewing or relocating in the short term. As this area has a low inventory of available space, tenants will experience increasing rental rates and landlords taking a firmer negotiating position.

### Type of Business

Close to seventy (70%) percent of the businesses located in Markham are either manufacturing or service related with manufacturing being the most significant element. The most interesting facet of this segment of the analysis is that although Markham has been denoted as a "high tech" area with I.B.A., Apple Computers and many others, it is still predominately a manufacturing area. This conclusion is reinforced in a further segment of the analysis where local companies state that the availability of manufacturing labour was a major reason for locating in Markham.

### Reasons for Locating in Markham

This issue has confused many who have viewed the growth of Markham. Many "supposed" development experts have cited the disparity in taxes between Metropolitan Toronto and Markham as the major factor contributing to the growth of Markham. The survey indicates that taxes are a relatively insignificant factor as only eighteen (18%) percent of the respondents cited this as a priority reason for locating in Markham. Upon closer scrutiny of the data, the high ranking importance of taxes was limited almost entirely to smaller users of less than five thousand (5,000) square feet.

The overwhelming factor cited for locating in Markham was accessibility which accounted for almost one half of all responses.

## Previous Location

In excess of sixty (60%) percent of the businesses located in Markham were previously located in either Scarborough, North York or Downtown Toronto. Surprisingly, Markham contains a larger number of new businesses relative to other industrial areas. The number of new businesses in Markham is believed to be due to the large amount of small multiple space which has been developed on a speculative basis.

## Complaints

The respondents to the survey cited two major complaints with the Markham location. The foremost complaint was inadequate bus service which seventy (70%) percent of the businesses (which had a negative response) indicated was a major negative. This is understandable in light of the fact that most of the present occupants were previously located in more urbanized areas which provide much better public transit.

The only other negative comment received by the survey team related to the level of rental rates. From more refined analysis of the survey results, it was found that those who were concerned about high rental rates had either renewed or relocated recently. In light of the supply/demand situation in the Markham submarket it is our opinion that this concern with high rental rates is the first indicator of future rental escalations in the Markham area.

## APPENDIX B

## RELOCATION SURVEY

### EXHIBIT A

Name of Firm: ______________________________

Contact: ______________________________

Telephone Number: ______________________________

Moved From: ______________________________

Plant Size: ______________ No. of Employees: __________

Own/Lease: ______________________________

Moved To: ______________________________

Plant Size: ______________ No. of Employees: __________

Own/Lease: ______________ Type of Operation: __________

______________________________

### REASON FOR MOVING

Business Expanded: ______________ Business Contracted: __________

Consolidated Plant: ______________ Lease Expired: __________

Other: ______________________________

Comments: ______________________________

______________________________

______________________________

## APPENDIX C

## MAIN FACTORS IN SITE SELCTION

Transportation: ______________ Lower Tax Area: __________________

Non Union Labour: ____________ Proximity to Suppliers: ___________

Labour Supply: _______________ Proximity to Customers: ___________

New Area (Image): ____________ Close to Executives Residence: _____

Other: ______________________

Comments: ____________________________________________________

____________________________________________________

____________________________________________________

____________________________________________________

Are you contemplating any further real estate requirements: ________

Comments: ____________________________________________________

____________________________________________________

____________________________________________________

____________________________________________________

## APPENDIX D

Name of Business: ______________________

Contact: ____________________ Position: ____________________

Address: ______________________________

Telephone Number: ________________

Own: ________ Lease: ________

Term: ________

How long at this location __________

Other facilities located in the Toronto area: ________________

Where: ________________

Approximate number of employees at this site: __________

Approximate percentage of TTC commuters: ____________

Total square feet: ________________

Warehouse: ________________

Office: ________________

Manufacturing: ________________

1) What is the nature of your business:

Construction: ____________ Wholesale Trade: ____________

Manufacturing: ____________ Retail Trade: ____________

Transportation: ____________ Services: ____________

Other: ____________ Research: ____________

2) What is the most important factor determining your location:

Proximity To:

Other firms in the same field: ________________________

Downtown: ________________________

Suppliers: ______________________

Customers: ______________________

Expressway: ______________________

Public Transportation: ______________________

Or:

Taxes: ______________________

Parking: ______________________

__________Other ______________________

Would you pay a premium to be close to:

1) Downtown

2) Public Transportation

3) Expressways? __________Yes ____________No

3) Do you have plans for expansion/contraction/relocation?

Yes ______________________ No______________________

When______________________ To Where____________________

Would your firm consider relocating to the Leslie Street Industrial area?

Yes ______________________ No______________________

Why______________________

Would your firm be able to take advantage of the Port for export/import purposes or water availability in production?

Yes______________________ No______________________

## APPENDIX E

## MARINE AND MARINE RELATED INDUSTRY SURVEY

Conducted May 20 to 24, 1985

Company Name: ______________________________

Address: ______________________________

Type of Business: ______________________________

Does your business location require access to water? ______________

Comments: ______________________________

______________________________

______________________________

What is the current size of your facilities? ______________

Do you require outside storage? ______________

Would you be interested in a location in the proposed outer Harbour Business Park which has planned a 1200 slip marina? ______________

What are your current occupancy costs? ______________

What would you expect to pay to be located in the proposed development? ______________________________

Comments: ______________________________

______________________________

______________________________

## APPENDIX F

## REVIEW OF FOUNDATION CONDITIONS
## OUTER HARBOUR BUSINESS PARK

### FOUNDATION CONDITIONS

We have examined the geotechnical report and had a brief discussion on the implications with Mr. S. Nowski of J.T. Donald Consultants Ltd.

The fill materials have had a further 5 years of settlement since the sub-soil investigation was carried out and it will be at least 1-2 years before any buildings are constructed at the site.

We therefore suggest and Mr. Nowski agrees that there is a good probability that loads of up to 1,500 lbs. per square foot can be carried without undue settlement.

It would of course be understood that further site specific investigation would be undertaken before any buildings ere constructed.

Using this criteria we have considered three methods of founding buildings. These are:

1. Spread footings
2. Structural raft foundation
3. Deep foundations (piles)

Recommended design conditions are provided for each of the foundation types. For the buildings founded on spread footings, limitations are placed on the maximum size of footings (5') and the bearing pressures are limited to 1,500 lbs. per square foot. For buildings founded on rafts, similar bearing pressure limits are recommended. Piled foundations are recommended to extend down to end bearing and high load capacities are suggested.

Within the constraints of the soil, we have examined the possibility of buildings from one to six storeys in height on this site. All are possible and practical.

In order to ascertain the impact of the poor soils on the potential building costs, we have reviewed the ability of the soils to support six buildings, ranging in height from one storey to six storeys and ranging in area from about 3,000 square metres up to 10,000 square metres. While the larger buildings may not be practical for this site, they were tested to review the trend of the foundation cost impact on the building cost.

The three types of footings are appropriate for different total loads which would result from three buildings. We have assessed the working foundation load for a variety of building configurations. The graph (Appendix 1) demonstrates the relationships between foundation loads, bay dimensions and building height. There are three zones of efficient use of building foundations.

The spread footing foundation is limited by the constraint of overall size and maximum bearing pressure to only smallish bays and one storey height. There is a specific type of structural steel construction utilizing cantilever beams and drop-in sections which is very appropriate for these conditions. In this type of construction, differential movement between foundations does not result in increased structural stresses due to the geometry of the joints. As a result, buildings subject to poor soil conditions and industrial in nature are often constructed in this mode.

We have therefore developed a building outline for this type of building which we have called Building Type 1. This outline is shown in Appendix 2.

The second type of building which we have developed is a two storey business usage building founded on a raft foundation. In assessing the appropriate range of spans and foundation loads for rafts, it was found that medium bay sizes, i.e. 6 metres each way, resulted in a structural raft not significantly in excess of an industrial floor thickness but requiring greater reinforcing steel. Buildings founded on this raft would perform satisfactorily from a settlement point of view and could be finished to meet any criterion required. This building style, which we have called Building Type 2, would thus suit the majority of users. The building outline is shown in Appendix 2.

For buildings higher than two storeys, either a thicker raft foundation or piles can be used. For the purpose of this assessment, we have developed four buildings, one each for three storey, four storey, five storey and six storey, which demonstrate the use of end bearing piles of 100 ton capacity to support a variety of buildings. Bay sizes have been varied to maintain a more or less constant foundation load. The four typical buildings are outlined in Appendix 2.

The building types are summarized as follows:

| Building Type | Description |
|---|---|
| 1 | Single Storey - Spread Footings |
| 2 | Two Storey - Raft Foundation |
| 3 | Three Storey - Pile Foundation |
| 4 | Four Storey - Pile Foundation |
| 5 | Five Storey - Pile Foundation |
| 6 | Six Storey - Pile Foundation |

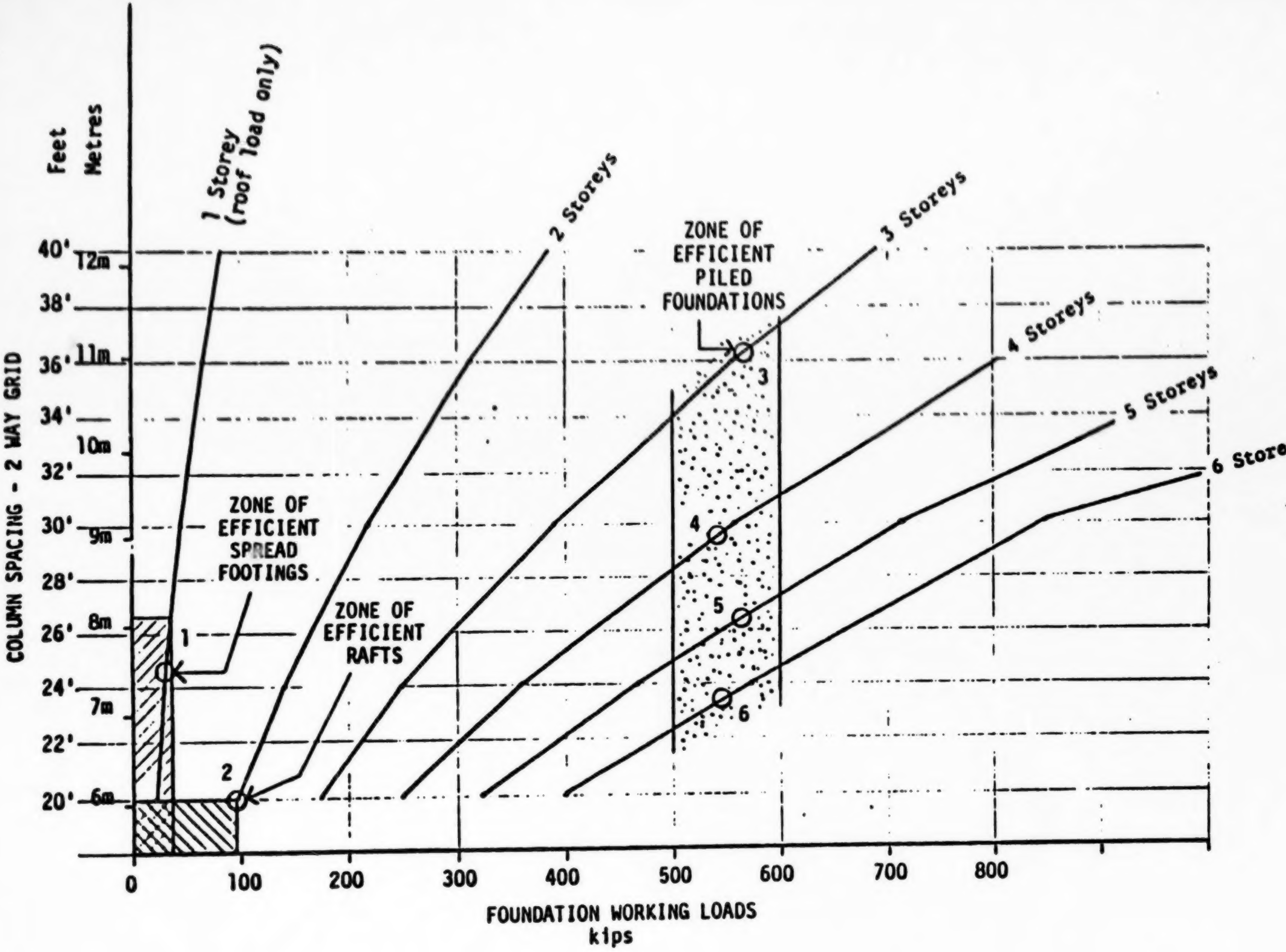
We have obtained the assistance of two well-known contractors familiar with constructing buildings of these types on a variety of different sites, both of whom have sufficient experience to develop cost estimating information and a differential cost between building on the property or on sites with better soil conditions.

The following Table shows the range of differential building cost on a square metre basis for the six building types:

| Building Type | Range of Premium Costs Per Square Metre | Average Premium Costs Per Square Metre |
|---|---|---|
| 1 | $17 - 27 | $22* |
| 2 | 13 - 21 | 17* |
| 3 | 15 - 27 | 21* |
| 4 | 15 - 29 | 22 |
| 5 | 15 - 28 | 21.50 |
| 6 | 15 - 30 | 22.50 |

* most probable building size for this site.

From the above Table, it can be seen that the mean value of the foundation premium for structures on this site lies in a very narrow range from $17.00 to $22.50 above the cost of similar buildings on good foundation soil. This value compares to a total building cost of between $400.00 per square metre and $500.00 per square metre. Thus the premium taken as an average value of $20.00 over the average total building cost of $450.00 is only 4.4% of the building cost.


Feet
Metres
COLUMN SPACING - 2 WAY GRID
40'
38'
36'
34'
32'
30'
28'
26'
24'
22'
20'
12m
11m
10m
9m
8m
7m
6m
1 Storey (roof load only)
2 Storeys
3 Storeys
4 Storeys
5 Storeys
6 Storeys
ZONE OF EFFICIENT PILED FOUNDATIONS
ZONE OF EFFICIENT SPREAD FOOTINGS
ZONE OF EFFICIENT RAFTS
1
2
3
4
5
6
0
100
200
300
400
500
600
700
800
FOUNDATION WORKING LOADS kips

4.

## BUILDING CHARACTERISTICS
## FOR TYPE 1 TO 6 BUILDINGS

| CHARACTERISTICS | TYPE | | | | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| Number of Storeys | 1 | 2 | 3 | 4 | 5 | 6 |
| Foundation Systems | S.F. | R | P | P | P | P |
| Steel Frame | D.I.B.F. | BF | BF | BF | BF | BF |
| Bay Size Max. Square | 7.6m | 6.0m | 11.0m | 9.0m | 8.0m | 7.0m |
| Cladding | Lt. & Flex. | LT | All | All | All | All |
| Ground Floor | S.O.G. | R | S.O.G. | S.O.G. | S.O.G. | S.O.G. |
| Raised Floors | None | St. Deck & Conc. | St. Deck & Conc. | St. Deck & Conc. | St. Deck & Conc. | St. Deck & Conc. |
| Roof | St. Deck | St. Deck | St. Deck | St. Deck | St. Deck | St. Deck |

### CODES

| | | |
|---|---|---|
| S.F. | = | Strip & Spread Footings |
| R | = | Raft |
| P | = | Piled |
| D.I.B.F. | = | Drop in Braced Frame |
| B.F. | = | Braced Frame |
| Lt. & Flex. | = | Light Weight & Flexible System |
| Lt. | = | Light Weight |
| All | = | Any Conventional System |
| S.O.G. | = | Slab on Grade |
| St. Deck & Conc. | = | Steel Deck and Concrete |
| St. Deck | = | Steel Deck |